

Happy
neighbour-
hoods for
the many



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Pages 58–105 constitute the statutory annual report and pages 3–31, 51–52, 66–68 and 110–147 constitute the statutory sustainability report. This Annual report is a non-official translation from Swedish. In the event of discrepancies between the language versions the Swedish wording will prevail.

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Why? Happy neighbourhoods for the many

Happiness goes hand in hand with where you live. Since the beginning, Bonava has been driven by a strong curiosity to understand what this means. Creating locations and environments where people thrive, and future generations can grow up, means so much more than just four walls.

That is why we build more than just houses. We create happy neighbourhoods for the many.



Operations

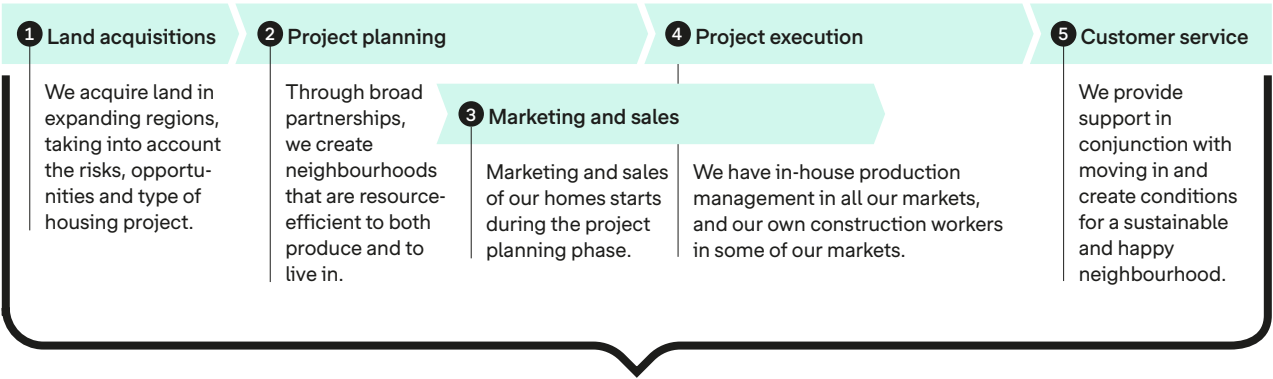
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What?

A leading residential developer

We develop homes that more people have the possibility of buying and living in. We work in an efficient and sustainable manner throughout our business in order to offer attractive and competitive homes.

We develop land into attractive, sustainable neighbourhoods based on a genuine understanding of our customers' needs and the unique circumstances of the area. We construct several types of homes, such as multi-family housing, single-family homes and semi-detached houses with various types of tenure. Our resource-efficient and sustainable houses create value for our customers, owners, employees and society as a whole.



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Where? In Europe

In 2022, we conducted operations in Germany, Sweden, Finland, Norway, Estonia, Latvia, Lithuania, Denmark and St. Petersburg with our approximately 1,900 employees. We took the decision to wind down operations in St. Petersburg in March, owing to the geopolitical situation. In December, we delivered the last project in Denmark.

Our focus is on metropolitan regions, and we are endeavouring to strengthen our position in markets with considerable potential for long-term value creation.

Net sales

SEK Bn

15.7 (14.7)

Per segment



■ Germany, 52%
■ Sweden, 18%
■ Finland, 12%
■ Norway, 12%
■ Baltics, 6%

Employees

Number of employees

1,900 (2,100)

Per segment



■ Germany, 51%
■ Sweden, 13%
■ Finland, 13%
■ Norway, 4%
■ Baltics, 16%
■ Parent Company, 3%

Geographic presence

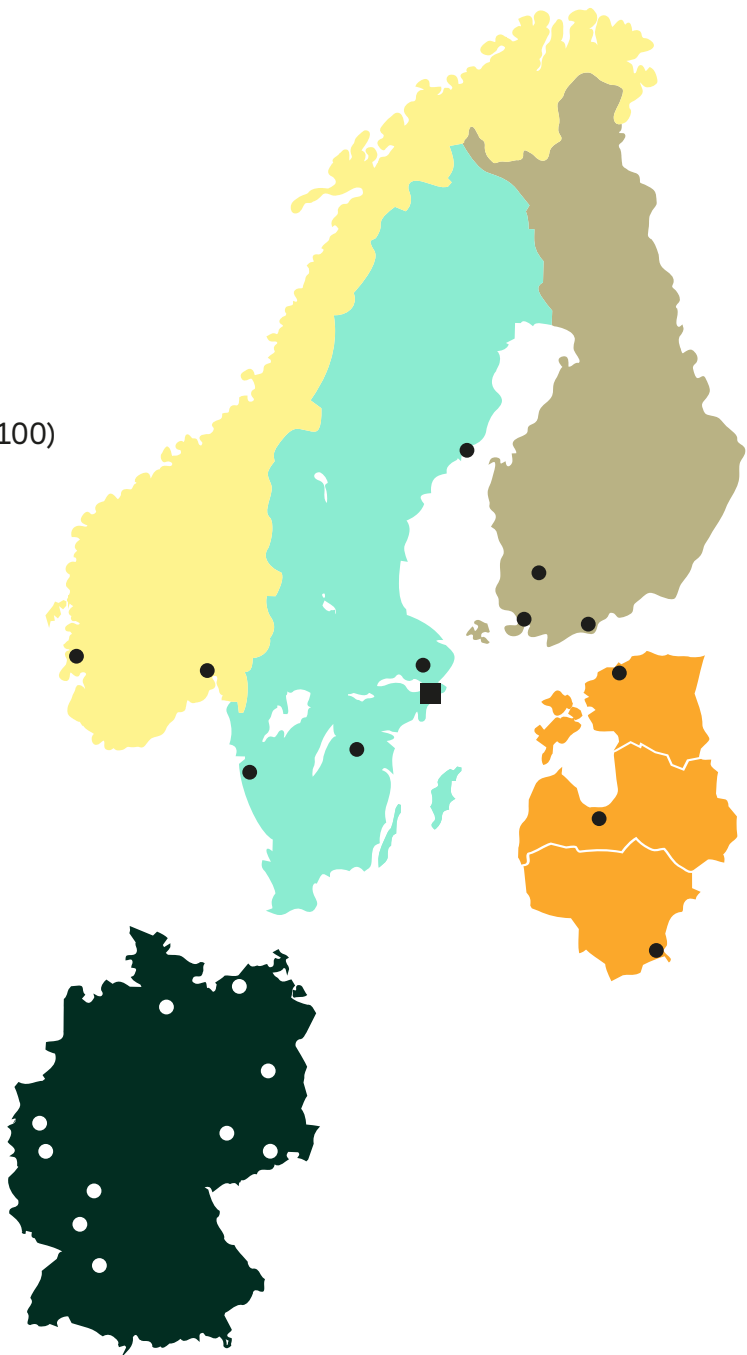
Countries

7 (8)

Regions

21 (22)

The map shows our segments, and the regions and cities where we are located today. Under 2022 Bonava took the decision to leave St. Petersburg. Dresden/Leipzig and Mannheim/Ludwigsburg are two regions with four dots on the map. Bonava's head office is located in Stockholm, Sweden, and Bonava's share and green bond are listed on Nasdaq Stockholm.



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How?

A business model that balances risk

Bonava’s project portfolio is diversified as regards customer segments, product type and geography. Which segment is strong, and which type of housing units are in demand, varies over time. Moreover, the macro-economic situation may differ among countries. Our balanced business model provides us with greater flexibility, a lower risk profile, and increased possibilities.

Consumers and investors

Bonava’s business targets both consumers and investors. The core operations are developing and selling homes to consumers. At the same time, projects targeted at investors constitute an attractive complement by promoting an improved risk and cash-flow profile. In many markets, investment projects are paid in advance while consumers often pay upon occupancy. In our largest market, Germany, consumers also pay in advance.

Product mix

Our offering contains both multi-family housing and single-family homes, and we offer different types of tenure. Our product mix promotes risk reduction through variation in margins and volumes as well as sales and construction rates. A mix of product types increases the possibilities of meeting demands that change over time, being a reliable long-term partner for municipalities, and being relevant in larger areas.

Geographic spread

With a geographic presence across 21 regions in seven countries, we can address local changes in demand by investing in the markets that generate the best returns. Bonava routinely monitors and evaluates macroeconomics and other criteria in its markets in order to ensure that we are operating in the markets that are most attractive to the company’s long-term business.

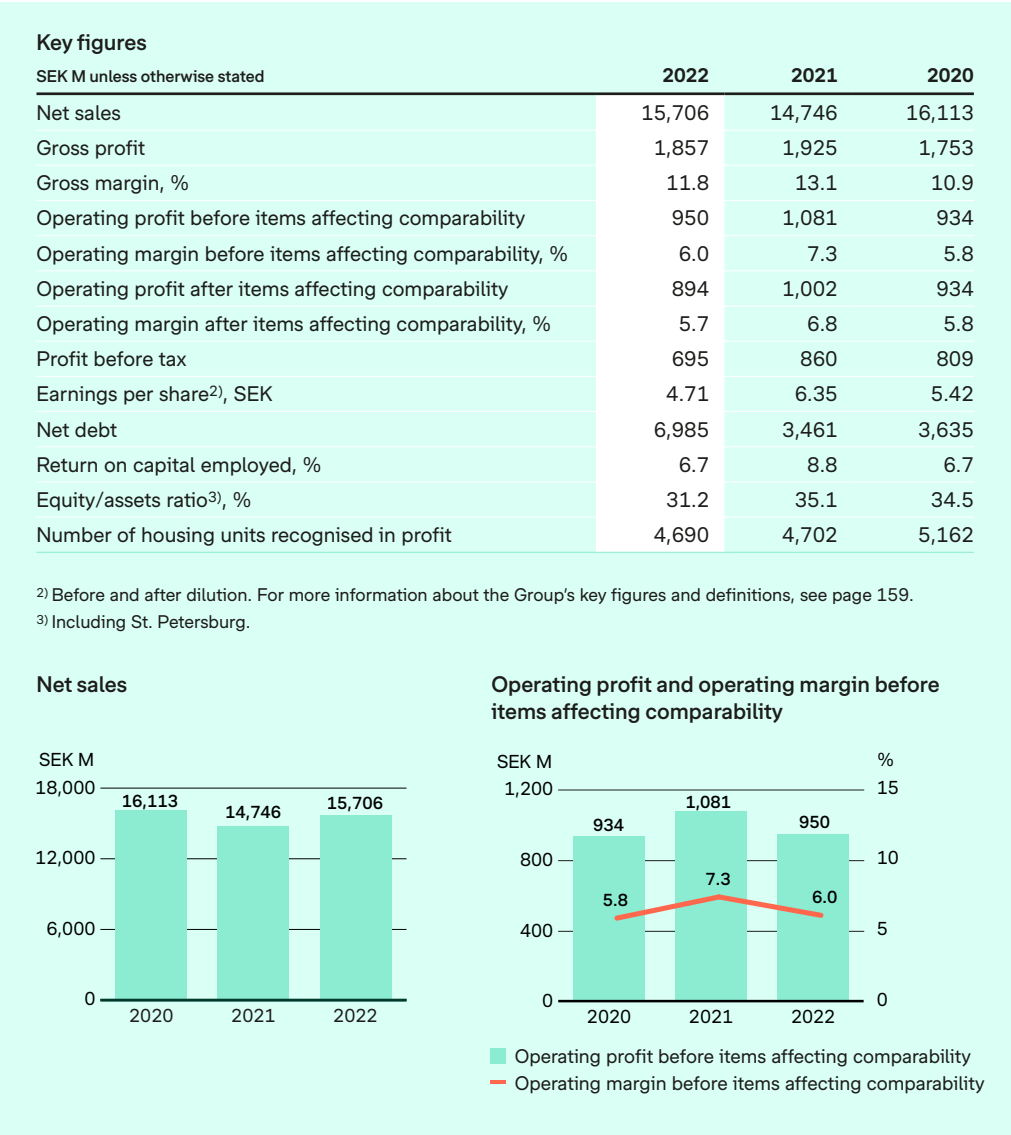
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2022 in brief

Financial¹⁾



Strategy and targets

- Bonava’s strategy from 2021 – increasing profitability – holds firm. Stable volumes over time that enable scale in the business is a success factor in our industry.
- Given that Bonava decided in March 2022 to wind down its operation in St. Petersburg, the company’s financial targets were revised slightly in the spring of 2022.
- The market conditions for all operations in our industry changed entirely in 2022. That is why Bonava presented revised financial targets in conjunction with its year-end report for 2022. The new targets meant that, from 2026, the operating margin will total at least 10 per cent on an annual basis, and that net debt will not exceed 1.0 times reported shareholders’ equity. As a result, we have set our sights on increased profitability and financial stability.

Sustainability

- Bonava maintains an AA grade in the MSCI ESG 2022 sustainability ranking, which means that we are regarded as a leading operator in the industry.
- Bonava has a rating of A- in CDP, which means that we rank among the top layer in the industry as regards climate reporting.
- Bonava has been nominated as one of the top three by Brilliant Future in the “Employer of the Year” category for the construction and manufacturing sector out of some 50 companies in Sweden.
- 69 per cent of the housing starts were over 10 per cent more energy efficient than required under the regulations for new builds.

Other key events

- In March 2022, Bonava announced that we were leaving St. Petersburg, since the geopolitical situation meant that it was no longer possible to pursue business operations there. At the end of 2022, the operations were in the process of being sold. Since the outcome as regards sale amount and time is uncertain, the net assets in the operation were impaired to zero in the fourth quarter. The impairment amounted to SEK 877 M. No new projects or land purchases were initiated.
- As a link in the strategic overview in 2021, we decided to wind down the Danish operation, which was completed in conjunction with the completion and delivery of the last two projects in Denmark in the second half of 2022.
- Bonava conducted a review of its selling and administrative expenses, as well as of its indirect costs, during the year. Moreover, project governance was improved, which allowed the organisation to efficiently manage challenges such as shortages of materials and cost increases. These measures enabled rising profitability in projects that were delivered.

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Board of Directors and Executive Management Group

- At Bonava’s Annual General Meeting for 2022, Andreas Segal and Nils Styf were elected as new Board members; both have a great deal of experience in construction and residential development in their roles as CEO and through their work on boards of directors. Frank Roseen declined re-election.
- Anna Wenner took office as SVP Brand and Culture in February 2022, and Alexandra Laurén took office as Business Unit President for Bonava Sweden in August 2022. Both are members of the Executive Management Group.



Parkstadt Portitz

20 minutes from the city of Leipzig, Bonava is building 94 housing units for investors. In the parking garage under the building, future tenants will have charger-ready spaces and 214 parking spaces for bicycles. Approximately two thirds of the apartments in this family-friendly neighbourhood will have between three and five bedrooms.

Meaningful steps taken in a challenging year

The past year was characterised by a major fluctuation in market conditions. It started off with a strong housing market and an expectation of – and preparation for – an increase in the number of production starts. Russia’s invasion of Ukraine on 24 February was the start of a chain of events that have increased uncertainty, leading to rising prices for materials and services, and significant increases in the interest rate, and thereby completely changed the conditions for all types of operations, including our own. We have taken a number of measures to go stronger into the next year.

A major shift

The conflict in Ukraine is a humanitarian catastrophe, and I sympathize with the many people who are affected. As a direct consequence of the invasion, we decided in early March to no longer operate in Russia. We began our efforts this spring by winding down the operation in St. Petersburg in a responsible manner, and in October we could announce that we had signed agreements with a purchaser. The agreement was conditional on approval by local authorities, which we knew from the beginning would be a complex process. Given the prevailing circumstances, the complexity has further increased, and in January 2023 we received confirmation that the transaction could not be completed as intended. The selling process has been restarted, and we are putting intensive effort into finding a solution.

Turbulence in the housing market increased during the second quarter, only to accelerate after the summer. Of all our markets, the Swedish market – where sales slowed down drastically – was impacted the most. In our remaining markets, the sales rate has fallen significantly. We are still selling even if we have become more selective as regards both production starts and new investments in building rights. It is important to remember that the long-term need for sustainable and well-planned housing units remains significant, and it is of greatest importance that we are proactive and take a long-term market perspective.



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Increased profitability in ongoing production

Despite the fact that market conditions have resulted in a challenging situation, we can see that our improvement efforts have begun demonstrating a positive effect on earnings. Even though production costs have increased substantially, the organisation has done a great job to ensure increased profitability in delivered projects and we have strengthened the underlying gross margin for the full year to 14.0 per cent (13.2).

We are acting quickly, but project development of housing units is a long-term operation and changes have only a gradual effect. Our investment process is central to pursuing improvements, and we have made several changes to strengthen this: prior to a project start, we must have the right team in place; estimated project costs must be under control; and there must be a satisfactory sales rate.

Strong local business is the foundation of greater profitability, and during the year we continued our efforts to provide our business units with an expanded and explicit responsibility, with clear goals that we have set. The design of housing units differs among our markets, and given the prevailing market situation we have adapted our offering in each local market. Our sustainability efforts continue to permeate our entire business, and during the year we have noted a sharp focus from customers on the energy issue, where we offer solutions such as solar panels to reduce not only customers' climate impact but to lower their energy costs as well.

One strength in our business model is that we are diversified in our customer segments, which makes it possible for us to sell housing units to both investors and consumers. In the autumn, we conducted a major investor transaction in Finland, and we also finished the year with an investor transaction in Germany.

To remain competitive in the prevailing market, we routinely review our cost base. We have taken measures to increase efficiency and reduce overheads, which will have a gradual effect. The total estimated savings is SEK 370 M on an annual basis starting on 1 January 2024 and compared to the cost level in 2022. Over time, our overheads are not to exceed 6 per cent of net sales.

Expanded attractive land bank and secured financing

Our strategic review in 2021 identified that our land bank needed to be expanded, which we did in 2022. We captured market share and strengthened our position in selected markets. In Germany, our largest market, we were named best brand in residential development, and we also strengthened our brand

Laketown – consumer transaction with 700 housing units in Vilnius

In Vilnius, Bonava is conducting the Laketown project – an investment in eight stages with plans for just over 700 functional and well-planned condominiums for consumers. The first stage, with 102 apartments, commenced in 2022.

The neighbourhood has many common areas for socializing, and is located in an attractive area with a broad offering of culture, schools, sports centres and cafés. The finishes in the apartments are completed when the customers move in, which is extremely unusual in Lithuania and signifies a higher standard.



Laketown in Vilnius



Investor transaction with over 300 housing units in Finland

In the autumn of 2022, Bonava sold 313 sustainable rental apartments in the Helsinki region of Finland. The transaction includes three rental housing projects, totals EUR 85 M, and has a robust sustainability profile.

The Tinantie project, the completion and delivery of which is estimated for the fourth quarter of 2023, is located in Kirkonummi, near the railway station and close to one of the ring roads that leads to the heart of Helsinki in 25 minutes. The property is one of the most centrally located in the area, which means good services as well as proximity to schools and public transportation. There is also access to many different athletic activities close by the future neighbourhood.

The Sitadelli 5 and 6 projects, for which completion and delivery to the customer are planned for the first half of 2025, will supplement Bonava's neighbourhood in Vuosaari, in eastern Helsinki. The neighbourhood is located close to a shopping centre, schools, and services, and is a short walk from the ocean, where the beaches and nature offer outdoor activities.

The projects have a robust sustainability profile and will be constructed to meet the requirements for energy class A, and the building in the Tinantie project will be constructed using green concrete. The buildings will also be equipped with solar panels.

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awareness in 2022. We expanded our attractive building rights portfolio with building rights for both consumers and investors. The profitability for our operation depends entirely on having attractive building rights and the possibility of maintaining a stable volume of housing units in production over time. One condition for success in this is investing in building rights where we have the best possibilities of being profitable. In the markets where we see the best conditions of growing over time – Germany and the Baltics – we increased the number of building rights by 2,000 during the year. In Sweden, we acquired land intended for multi-family housing, single-family homes and rental apartments, and we acquired attractive building rights in Stockholm.

Bonava's financial position remains good, with unutilised credits of SEK 2.5 Bn as of 31 December 2022. We completed a refinancing of our revolving credit facility (RCF) in the fourth quarter, securing SEK 3 Bn until 2025. Our focus is on creating financial capacity in order to act on the opportunities that have already begun to emerge in the wake of the challenging market. This will lead to an increased profitability over the long term.

Targets for steering towards market-leading profitability

A great deal has happened since we launched our revised strategy in December 2021. We had set financial targets pertaining to the number of housing units sold and profit before tax. Given the current market situation, these two indicators are no longer relevant. Our strategy aims to strengthen profitability considerably. From 2026, we will achieve an operating margin of at least 10 per cent. We will be capital-efficient, and our net debt/equity ratio will not exceed 1.0x reported shareholders' equity. We believe that the new indicators will provide the conditions for a clearer assessment of our target fulfilment. In light of a low transaction volume and a significant need for investment in building rights, we have decided to initiate a strategic review of the Norwegian operation.

Sustainability is part of our business

Our sustainability efforts permeate our entire business, where the principles of the UN Global Compact are fully integrated. During the year, we noted an intense focus on the issue of energy among our customers, and we therefore expanded our offering of housing units with solar panels. Not only does this reduce climate impact, it also reduces household energy costs.



Limited natural resources and the effects of the ongoing climate change are something that we as residential developers are always attentive to. The same applies to our responsibility for health, safety, and working conditions for everyone we affect through our operation. With our purpose of creating happy neighbourhoods, we are part of building inclusive and sustainable communities. Our robust objectives as regards reducing climate impact and creating safe workplaces are therefore central to our strategy.

Leaving a turbulent year with meaningful steps

Over the short term, there is a great deal of uncertainty in the housing market. The long term need for new housing remains. Our purpose of building happy neighbourhoods for the many remains highly relevant, and demand for sustainable and well-planned housing units remains significant.

“We have strengthened the underlying gross margin for the full year to 14.0 per cent.”

Our ambition is to achieve a market-leading position in profitability, and during the year we showed that we had taken significant steps towards that goal.

I would like to extend my sincere thanks to all the committed employees, to our customers, our shareholders and all of our business partners. During the year, an experienced and engaged management team was put in place, and we are proud of the progress we have made as an organisation. We have better conditions to deliver on our targets and our purpose of building happy neighbourhoods for the many.

March, 2023

Peter Wallin
President and CEO

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Market and trends

Residential development is characterised by long turnaround times at the same time as the market changes rapidly.



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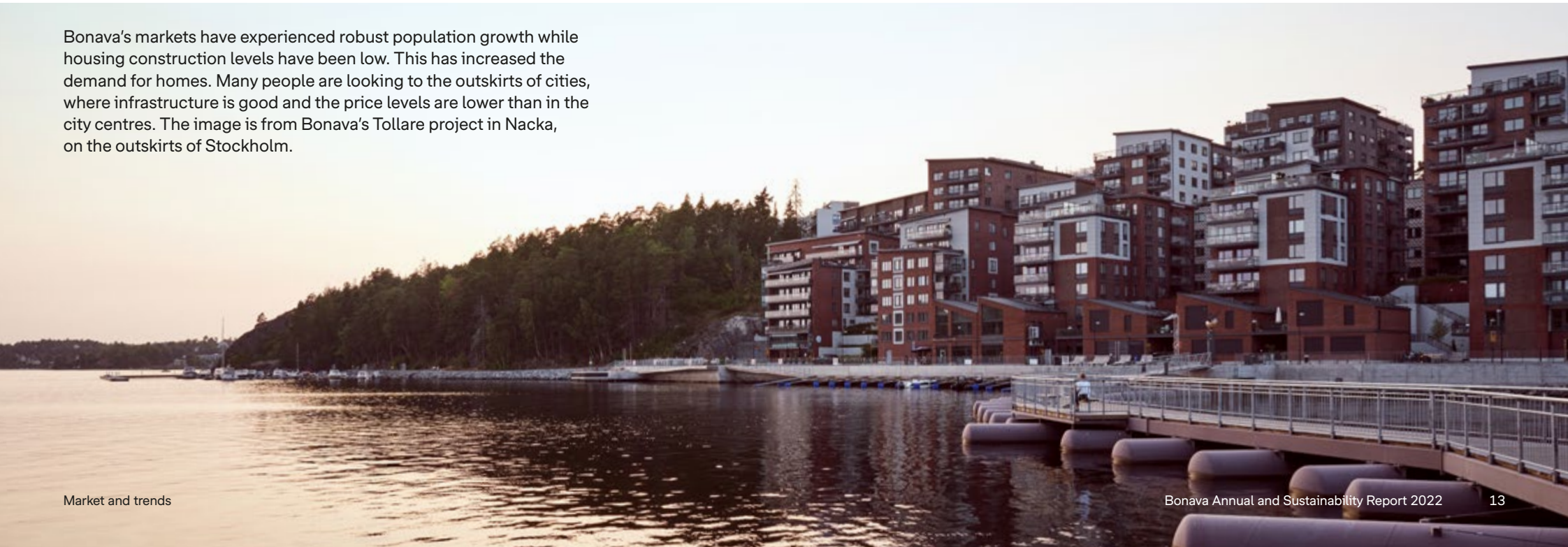
A local market, attractive over the long term

Residential development is characterised by local markets and long turnaround times. Knowledge of our markets and understanding of the trends is therefore crucial. Bonava can then make the right choice and offer homes and neighbourhoods where people will feel happy. The conditions for residential developers in our markets are favourable over the long term, but present challenges in the immediate future.

Local market with long turnaround times
Bonava operates in seven countries and 21 regions. These markets differ – not only among countries, but among regions as well. Some markets are very fragmented and will likely be consolidated over time. Other markets are dominated by a handful of players.
Laws, regulations and requirements for housing units and housing construction vary based on country, region, and even municipality. This means that products and processes need to be standardised at a suitable level, and

competence adapted to the needs of the local market in order to be effective.
In our various markets, moreover, the working methods of our subcontractors, our expected payment methods for land and our customers’ payment methods all vary.
Residential development is characterised by long turnaround times. After the initial investment in land, it will sometimes take years before people can move into their homes. This requires a long-term perspective, while players have to deal with a constantly changing market.

Bonava’s markets have experienced robust population growth while housing construction levels have been low. This has increased the demand for homes. Many people are looking to the outskirts of cities, where infrastructure is good and the price levels are lower than in the city centres. The image is from Bonava’s Tollare project in Nacka, on the outskirts of Stockholm.



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Long-term trends

Favourable demography leads to demand for housing units

Bonava’s markets have experienced robust population growth while housing construction levels have been low. This has increased the demand for homes. Many people are looking to the outskirts of cities, where infrastructure is good and the price levels are lower than in the city centres. New businesses are establishing themselves on the outskirts of the cities, which also promotes the attractiveness of the areas.

We are seeing strong demand for rental apartments in our markets. People want greater flexibility in their residences, which the rental tenancy type offers. In some of our regions, there are government initiatives for an increased offering, which creates favourable conditions for residential developers.

Efficiency in the industry is lagging behind

Competition in residential development is on the increase. Despite this, operations in the sector remain relatively inefficient. Market shares are there for the taking for the players who have succeeded in running their projects efficiently. Along with the more cautious situation in the housing market, this can create both winners and losers, which over time could lead to a consolidation of the market.

Bonava’s response

Bonava continually monitors the demographic trends in our markets in order to achieve optimal targeting of its investments. We are seeing that the areas outside city centres are places where we can develop larger volumes of attractive housing units. Customer surveys provide us with good insight into our customers’ preferences, which allows us to develop attractive offerings.

We work to create homes with different types of tenure outside the centres of big cities that more people have the possibility of buying or renting. We can also adjust these types of tenure when the market situation – and demand – changes.

Bonava’s response

Bonava is actively engaged in creating an attractive building rights portfolio and in creating efficiency in its projects through a high degree of repetition in products and processes. This way, we can deliver high quality at a reasonable cost, thereby standing strong among the competition. At the same time, our knowledge of the local market is good, which means that our offering can be adapted to our customers’ preferences. As part of the larger chain, we can also see the importance of the interaction between developer and authorities. Good cooperation is needed to ensure effective approval processes.

A focus on sustainability generates possibilities

The construction and property industry has a significant impact on nature and accounts for a large share of the global climate impact. The development and construction of housing units is a resource-intensive operation that requires a great deal of land and materials. The future use of the housing units also has an impact. The energy crisis has put a new focus on energy efficiency throughout the life cycle of the housing units, as well as on the potential role of the properties in the energy system of the future.

New legislation and new initiatives are being put forth at the global, national and local levels in order to rein in global warming and protect natural values. At the same time, local authorities are imposing more stringent requirements on housing and property developers in urban environments concerning how homes and the neighbouring environment are developed to promote a healthy, sustainable lifestyle. Increasing demands from consumers, investors and employees are also a driver behind the sustainability issues.

Bonava’s response

To be a successful residential developer, we want to be part of the solution for minimising the burden on the environment and the climate. We will achieve this by becoming considerably more resource-efficient at every stage of our operation. We also want our housing units to facilitate a more sustainable standard of living. This is a joint responsibility that Bonava shares with all operators in the chain that we are a part of.

Bonava has thoroughly surveyed its climate impact and was the first residential developer in Europe to have its defined climate targets approved by the SBTi¹⁾.

Ecolabelling of homes is one of several ways to package sustainable offerings. The energy issue creates possibilities for Bonava, which delivers energy-efficient housing units. In pace with consumers becoming more aware of the energy consumption of their homes, there will be a premium on energy-efficient new constructions over older, less energy-efficient housing units. In 2022, we delivered housing units with rooftop solar panels to a greater extent than previously, and have moved towards heating systems with non-fossil fuel sources of energy. Issues of social sustainability are central to Bonava as well. We endeavour to create neighbourhoods that promote a sense of community, as well as a healthy and sustainable lifestyle.

¹⁾ The Science Based Target initiative is a partnership initiative from the UN Global Compact, the World Resource Institute and the Carbon Disclosure Project (CDP). Read more on page 118 and in Note H6.

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Challenging market over the short term

Business environment factors are changing the conditions for companies, communities and markets at a more rapid pace. We see a great need for housing units over the long term, but over the short term the market has changed significantly. For players in residential development, the rapid rate of change means stringent requirements for an overall perspective, speed and flexibility.

Market trends over the shorter term

The long-term need for housing units remains significant. 2022 began with a strong market that then turned into a more challenging situation at the end of the year. In most of our markets, consumers and investors were more cautious than previously and sales took longer to complete.

Increased key interest rates and high inflation as well as concern over geopolitical security in Europe in 2022 created the lowest level of confidence in the future among consumers in decades. This had an adverse impact on demand for housing units, and a dampening effect on price performance for housing units.

Increased energy costs also resulted in a weaker private economy for consumers. At the same time, the increased energy costs promoted rising demand for energy-efficient housing units.

Over the last several years, home builders have encountered increased production costs owing to factors such as short-ages of materials and increased transportation costs. At the same time, the rise in prices for housing units during this period has been higher than the increases in cost. In 2022, the trend reversed: energy costs in production increased and housing prices stabilised or fell, meaning that costs and prices converged – which put pressure on profitability for residential developers. Going forward, lower costs for key input materials are expected, and the cooling down of the contractor market will leave its imprint on construction costs.

At the same time, consumer preferences concerning their homes are changing. The interest in energy-efficient homes is increasing. The immediate surroundings are growing in significance. For example, proximity to public transport and green spaces are factors that influence the attractiveness of a home. Digitalisation has facilitated remote working, which has created more flexible work habits and means that the home should preferably also serve as a workplace. This trend received a boost during the COVID-19 pandemic and is still strengthening in some of Bonava’s markets, where large generations are forming families and are looking to leave the larger cities.

Bonava’s response to the short-term trends

To monitor and meet our consumers’ preferences, Bonava conducts systematic customer and market surveys that can be adapted based on local aspects and conditions. Using these, we can identify what makes neighbourhoods happy and help consumers feel happy in their homes. We translate these results into attractive products, residence types and customer service. It may be a question of new commercial models, new business ideas and various forms of partnership that address the changes in customer preferences. It could also be a matter of switching heating solutions, equipping the housing units with solar panels, adapting housing units for working from home, and having premises such as shared outdoor gyms.

To create greater security for consumers when they purchase housing, Bonava has developed new services. Bonava offers various security products in the form of price and interest-rate guarantees that are intended to reduce the customer’s financial risk in conjunction with a housing transaction. In some markets, we offer greater flexibility in end production in order to lower the cost for our customers.

House price trend 2012–2022 (index 2012)

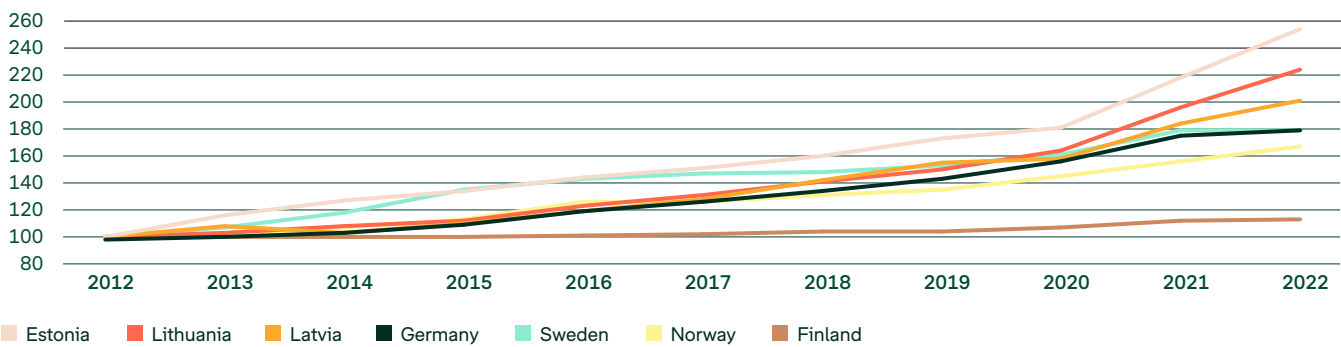


Diagram source: Eurostat.
Q4 index for all years except for 2022, which is the Q3 index due to availability.

The housing prices in Bonava’s markets rose drastically between 2010 and the early part of 2021. The increase in prices slowed in the latter half of 2021; in 2022 prices stabilised at a high level in Germany and the Baltics, price increases levelled off in Finland and Norway, and fell in Sweden.

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Strategic framework

Everything we do must take us towards our purpose and our strategic targets.



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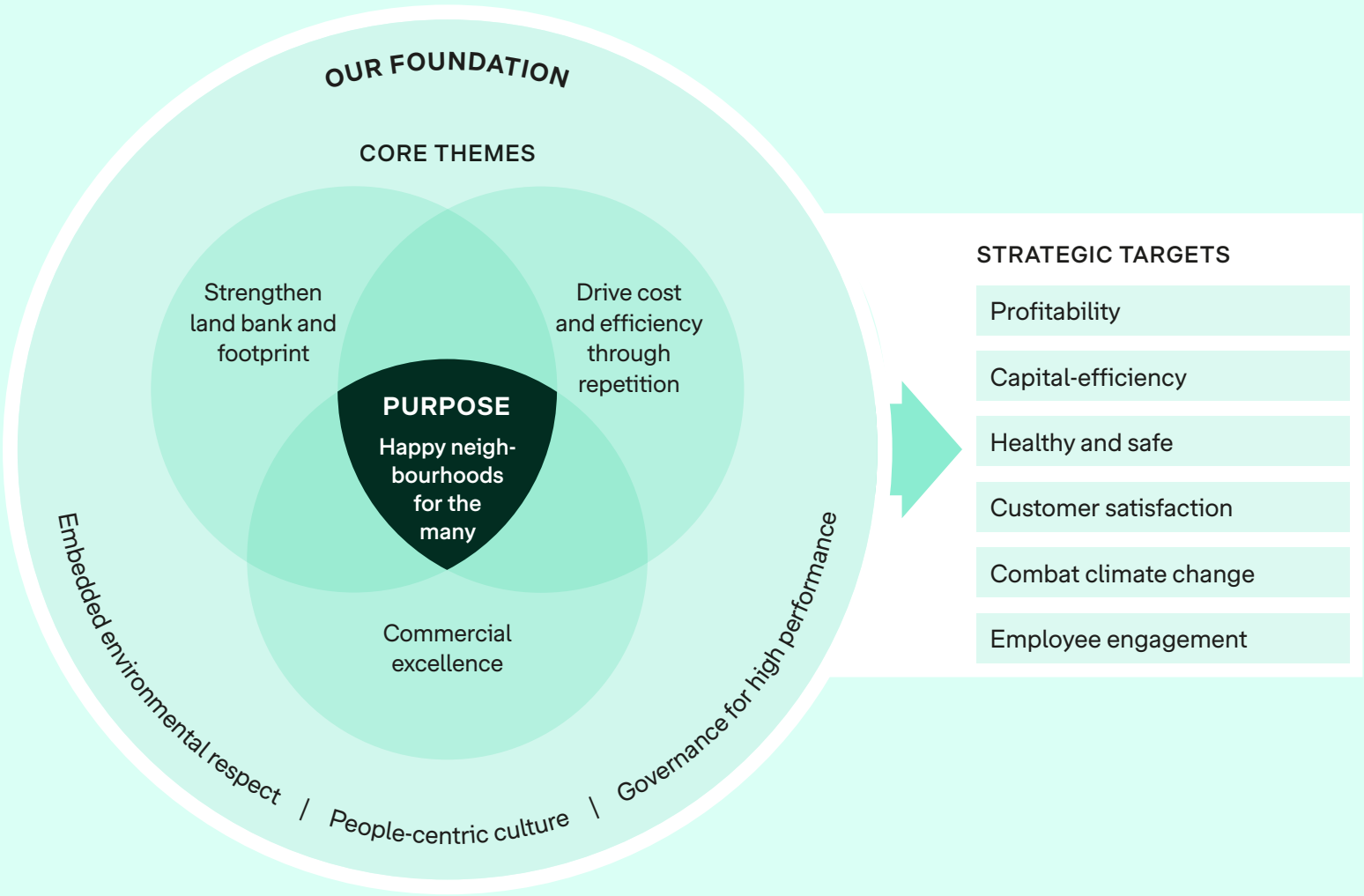
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Our journey toward profitability continues

Bonava’s strategy holds firm despite the changed market situation. Our entire purpose is governed by our mission to create happy neighbourhoods for the many.

We will strengthen our business and our profitability, and ensure that we have the financial capacity to benefit from the business opportunities that the market offers. Our three core themes and our sustainable foundation will work together so that we can get the best out of our efforts.

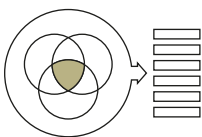
As a result of the challenging market situation, we revised the financial targets in early 2023. The non-financial strategic targets remain unchanged.



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Happy neighbourhoods for the many



To create locations and environments where people thrive, and where future generations can grow up, we build more than homes – we create happy neighbourhoods for the many. This is our overall purpose. Bonava’s strategy and targets are oriented on achieving our purpose. Our goals are linked to profitability, financial stability, health and safety, customer satisfaction, resource and climate action, and employee engagement. We must deliver on them all.

Building for the many kinds of happiness

Our value-generating residential environments are built on a genuine understanding of our customers’ needs and driving forces. Building residential districts with a broader diversity of housing units in different sizes and price ranges creates greater freedom of choice for customers and more vibrant neighbourhoods. People also have the possibility of living in the same area during the different phases of life. Comfortable and green outdoor environments, social interaction among neighbours, and a more sustainable lifestyle for residents is something we also strive for in all our neighbourhoods.

Development based on customer insights

To measure the degree of happiness in a neighbourhood, Bonava has developed and established the statistically significant Happy Index. Beginning in 2022, we have continually monitored the Happy Index for everyone moving into our homes. The measurement of the Happy Index is part of our overall customer satisfaction programme. Through it, we systematically measure customer insights, monitor them, and act on them. Read more in Note S5.

Constant improvements

The customer satisfaction programme is used to improve our offering and our procedures. Our customer service organisation and guarantee, is responsible for customers’ experiences after they have moved in to their new homes. It provides feedback on suggestions for improvement to the design and production units so that we continuously can increase the quality of what we deliver. We also regularly

conduct a survey that we call “Happy Quest” with a representative selection of the general public in the respective countries. The purpose is to survey what is important for people to feel content and happy where they live.

An ambitious target for customer satisfaction

The primary key figure in our customer satisfaction programme is the Net Promoter Score (NPS), where the likelihood of recommending Bonava to others is measured among all new customers between four and eight weeks after occupancy. NPS can range between –100 and +100, and we have set an ambitious target of 50.

Customer satisfaction increased in four of six countries in 2022. Finland displayed the most impressive increase, and is closing in on the target of NPS 50. The Baltic countries are steadily improving over time: Latvia has now reached the target of NPS 50 and Lithuania showed a very strong start at NPS 43. Estonia is back to its previous NPS level after a lower result in 2021. Customer satisfaction in Germany and Sweden decreased in 2022.

Consistency as a strategic measure

NPS Consistency is a new measurement that was introduced in 2022 after the revision of our strategy. The target is for all projects to achieve at least NPS 50 by 2026, and this is defined as 100 per cent Consistency. Only when Consistency has reached 100 per cent will we know that we are delivering on the same level to all customers. In 2022, 31 per cent of Bonava’s projects reached this target (excluding St. Petersburg).

Customer Satisfaction Net Promoter Score and NPS Consistency

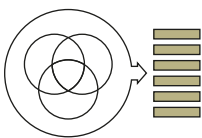
	NPS			NPS Consistency, %	
	2022	2021	2020	2022	
Germany	29	36	20	Germany	39
Sweden	14	36	35	Sweden	17
Finland	44	22	29	Finland	38
Denmark	N/I	13	0	Denmark	N/I
Norway	6	5	-9	Norway	8
St. Petersburg	N/I	65	62	St. Petersburg	N/I
Estonia	31	24	28	Estonia	33
Latvia	53	49	41	Latvia	50
Lithuania	43	N/I	N/I	Lithuania	0
N/I = No Information				Total Group	31

There is no information on NPS or NPS Consistency for 2022 pertaining to Denmark and St. Petersburg, since Bonava has stopped taking measurements in these countries. 2022 was the first year with new customers who had moved into homes in Lithuania, and no historical NPS data is therefore available.

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The targets that govern us



Bonava has six strategic targets: two financial, and four non-financial. Given our withdrawal from St. Petersburg, weaker demand, and drastic changes in the interest rate situation compared to a year ago, Bonava presented new financial performance measures and target levels in early 2023. The non-financial strategic targets remain unchanged.

Strategic targets

<div><div>Profitability</div><div>Operating margin 2026: At least 10 per cent</div><div>Outcome 2022: 6.0 per cent</div></div>	<div><div>Capital efficiency</div><div>Net debt/equity ratio: Not higher than 1.0x</div><div>Outcome 2022: 0.9x</div></div>	<div><div>Customer satisfaction</div><div>Net Promoter Score (NPS) Consistency 100 per cent by 2026</div><div>Outcome 2022: 31 per cent</div></div>
<div><div>Healthy and safe workplace</div><div>For everyone, everywhere, every day, with a halving of serious incidents by 2026 compared with the 2022 level.</div><div>Frequency of serious incidents¹⁾ Target 2026: <7.1. Outcome 2022: 14.3</div><div>Everyone plan fulfilment¹⁾ Target: >90% Outcome 2022: 89%</div><div>¹⁾ Read more about these targets on pages 123 and 139.</div></div>	<div><div>Employee engagement</div><div>Employee engagement in line with the top 10 per cent of the best-performing²⁾ companies.</div><div>²⁾ Benchmark level among the 10 per cent of best-performing companies is 87.</div><div>Outcome 2022: 85</div></div>	<div><div>Combat climate change</div><div>Reduced climate impact in line with our climate targets approved by SBTi³⁾ for a level of 1.5 degrees C.</div><div>³⁾ SBTi = Science Based Targets initiative, read more on pages 118 and 131.</div><div>Scope 1-2: -35% Scope 3: -40% Scope 3 per housing start: +53%</div></div>

Other financial targets

In addition to the strategic targets, Bonava endeavours to achieve the following financial targets:

- Equity/assets ratio of at least 30 per cent.
- Dividend of at least 40 per cent of the Group's profit after tax to shareholders over a business cycle.

The equity/assets ratio at the end of 2022 was 31.2 per cent. The Board of Directors of Bonava proposes that no dividend be paid for the 2022 financial year.

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Evaluation of 2022 targets

Profitability and capital efficiency

In conjunction with the year-end report, Bonava announced two new performance measures, where the previous performance measures linked to absolute growth were no longer considered relevant. The operating margin from 2026 will total at least 10 per cent. For 2022, the operating margin was 6.0 per cent. Affecting the operating margin are costs of SEK 340 M, related to write-downs of previously capitalised project engineering costs and risk provisions in Sweden, and provisions in Germany, mainly for warranties in terminated projects. Adjusting for those, the operating margin was 8,2 per cent. While we endeavour to achieve increased profitability, maintaining a stable balance sheet is important. The other target is therefore for the net debt/equity ratio to not exceed 1.0x. At the end of 2022, it totalled 0.9x.

Customer satisfaction

NPS Consistency is a measurement that was introduced in 2022 after the revision of our strategy. The target is for all projects to achieve at least NPS 50 by 2026, and this is defined as 100 per cent Consistent. Only when Consistency has reached 100 per cent will we know that we are delivering on the same level to all customers. In 2022, 31 per cent of Bonava's projects reached this target.

Healthy and safe workplace

We had a target of fulfilling the Everyone plan of at least 90 per cent. This also included clearer ownership in the respective business units, and linking improvement initiatives to the three health and safety themes that had been developed. Target fulfilment in 2022 was 89 per cent based on plans from the business units Germany, Finland, Sweden, Norway and Baltics. Halving of serious incidents is a further development of previous targets. Focus has shifted from injuries leading to absence (LTIFR) to reducing the number of serious incidents that include both injuries and incidents. The target is to halve the number of serious incidents by 2026, compared with the

2022 level. The frequency of serious incidents in 2022 was 14.3 (excluding St. Petersburg and Denmark). Accordingly, the long-term target for 2026 is to be lower than 7.1.

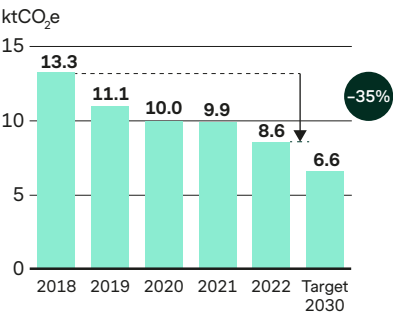
Employee engagement

The results from the Passionate Workplace employee survey showed continued high levels of commitment during the year even though there is further work to be done before the goal for 2022 and onward is achieved. The limit for ranking among the 10 per cent of companies with the highest engagement index for 2022 was 87. The analysis showed stable, generally good results with continued high levels as regards engagement, leadership and team efficiency. A negative trend for collaboration within the respective work teams was noted during the year. Considering the fluctuation in business environment factors that our employees handled during the year, we are extremely proud of these results.

Combat climate change

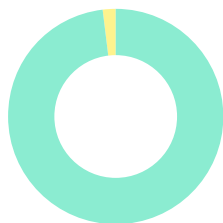
The combined total climate impact under Scope 1 and 2 shows a decrease of 35 per cent from base year 2018.

Greenhouse gas emissions, Scope 1 and 2



Greenhouse gases, total, Scope 1+2

Distribution of greenhouse gases 2022



Scope 3 in the value chain, 98.2%
Scope 1+2 own organisational control, 1.8%

Total climate impact in Scope 3 shows a decrease of 35 per cent year-on-year, and is 40 per cent lower than base year 2018. This is due to an improved calculation method using the software program Normative, which is used to calculate emissions from purchased goods and services. In addition to the improved calculation method, adjustment factors were applied to compensate for inflation.

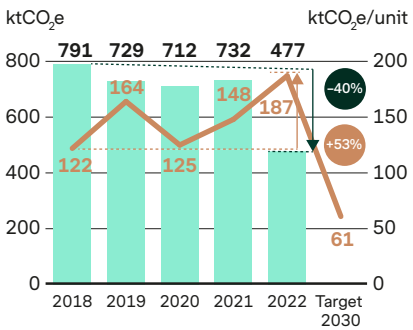
Climate impact in Scope 3, per housing start, fluctuates over the years. The result for 2022 shows an increase with 53 per cent from base year. Bonava is reviewing its definition for this intensity measurement for increased reliability and traceability. Read more in Note S6.

Equity/assets ratio and debt/equity ratio

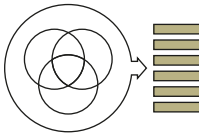
Bonava is to have an equity/assets ratio of at least 30 per cent, well over the external loan commitments of 25 per cent. At the end of 2022, the equity/assets ratio totalled 31.2 per cent.

Over a business cycle, Bonava's dividend is to total at least 40 per cent of the Group's profit after tax. In light of the uncertain market, the Board of Directors of Bonava proposes to cancel the dividend for 2022.

Greenhouse gas emissions Scope 3, total and per housing start



Greenhouse gases, total, Scope 3
Greenhouse gases Scope 3 per housing start

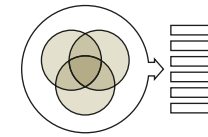


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Core themes for profitability



Bonava will increase resource efficiency through repetition in products and processes, and pursue its operations with commercial excellence.

Focus areas cooperate

Bonava's three core themes are to drive cost and efficiency through repetition, to strengthen landbank and footprint and commercial excellence. The three core themes support each other, and together they will lead us toward profitability, long-term success and happy neighbourhoods for the many.

Maintaining a strong balance sheet is a condition for long-term success, as it is for being able to act on the opportunities that arise. That is why we have introduced as a target that net debt is not to exceed 1.0x reported shareholders' equity. After having strengthened the building rights portfolio in 2022, we are now also more selective with new investments.

We need efficient project control in order to ensure profitability. We will achieve this through repetitive products and processes as well as well-defined building systems. We also need to pursue our operations with commercial excellence. This means

measures such as ensuring our attractiveness to our customers by anticipating their needs, offering a good mix of products, and developing new business models. We will meet their expectations throughout the customer journey.

Measures to improve profitability

During 2022, Bonava was actively engaged in implementing its strategy from 2021. The Executive Management Group has instituted quarterly monitoring of both macroeconomic trends in our markets and the strategic initiatives in the business units. We have focused in particular on decentralising mandates and decisions, as well as professionalising our management at the central and local levels. Due to the changed market situation, we have temporarily implemented a stricter policy concerning decisions on investment in land and building rights as well as for project starts. All of these measures are intended to improve profitability in the operation.

The three core themes support each other, and together they will lead us towards profitability, long-term success and happy neighbourhoods for the many.

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Strengthen land bank and footprint

To achieve our targets, going forward we will develop our portfolio of attractive building rights. This strategy also opens the way for more and expanded partnerships with other players.

Secure future housing starts

Project starts are the engine of our operations. In order to start projects, Bonava needs to have building rights ready to start. From the moment we acquire land until the moment ground is broken to begin construction, a great deal of development work is done. When developing our building rights, it is important to take into account the type of housing units the land is suitable for, and the type of housing units in demand by the market in the area. We also need to consider what the permit process looks like, and how long it could take. Finally, the construction process itself needs to be planned sustainably and efficiently.

In 2022, the building rights portfolio increased by approximately SEK 3 Bn, which is in line with our target for the year. Given the prevailing market conditions, we were more selective regarding investments in building rights towards the end of the year. We were also more selective as regards project starts. At the same time, a continual presence in the market is important for keeping abreast of when attractive investment opportunities arise. More prudent investments today will create scope for acting on the opportunities that arise tomorrow. Read more about our building rights portfolio on the next page.

The procedure for Bonava's investment decisions has been further professionalised. During an extended period of analysis and negotiations, we verify that the correct project management is in place, that the cost scenario is under control, and that the market and sales situation is favourable before an investment is made. To ensure that the investments are optimised over time and among our markets, Bonava's Executive Management Group – which includes representatives for all of the business units – sits on the company's Investment Committee. There, the participants have an

insight into the Group's potential investments moving forward and their profitability estimates, and assume a collective responsibility for prioritising among the investments.

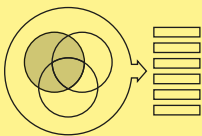
Strengthened regional presence

Bonava endeavours to strengthen its regional presence in order to utilise synergies and deploy its resources efficiently, with the goal of becoming a leading player in its regions. Since the suppliers are local and the regulatory requirements differ among regions in the same country, there are efficiency gains to be had by concentrating larger business volumes in the same region.

We have a flexible approach to the type of contract form. Even if divided contracts remain common, turnkey contracts can be applied to a greater extent when the conditions are right.

Developing operations through partnerships

This strategy also opens the way for more and expanded partnerships with other players for the purpose of building up the project portfolio. It may be a question of partnerships and mergers where, together with other players, we pursue larger projects or build up entire city districts. It may also be a question of acquisitions of companies or ongoing projects in regions where we already have a strong presence and wish to bolster this. The weaker market can create winners and losers in the industry, and open up business opportunities for the stronger players. Good relationships with municipalities and awareness of their needs are central to Bonava, since it creates the conditions for carrying out long-term land acquisitions and developing land in a manner that suits our business model and building systems.



Capital efficiency and financing

As a result of the strategic review that was conducted in the preceding year, it was felt that there was a need to strengthen the building rights portfolio. In 2022, we completed acquisitions in line with our plan to expand our land bank by SEK 3 Bn; in the second half of 2022, we became more selective as regards new investments in land.

When attractive investment opportunities arise, having the financial capacity is Bonava's highest priority. Investments are to be financed through undistributed profits generated during the period, as well as interest-bearing liabilities.

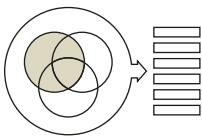
Investments made in land and projects are weighed carefully against where they could generate the best return. Maintaining a strong balance sheet is a condition for long-term success. In order to secure the stability of the balance sheet, net debt is not to exceed 1.0x reported shareholders' equity.

In 2022, we refinanced our revolving credit facility (RCF), thereby securing SEK 3 Bn in financing through 2025. At the end of the year, there was SEK 2.5 Bn in unutilised credit facilities.

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Secure access to building rights that are ready to start

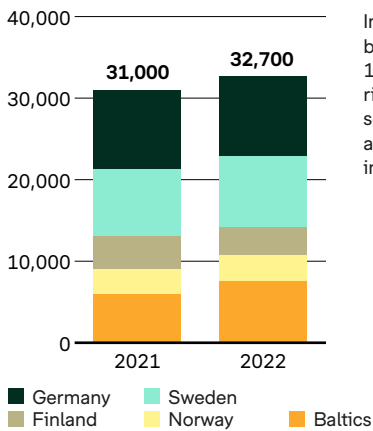


Bonava’s building rights portfolio serves as a solid basis for future projects. A relatively high number of land sales took place between 2016 and 2018 to structure a land bank suited to Bonava’s business. The land bank was subsequently expanded and developed. Stable volumes over time enable scale in the business and are a critical success factor in our industry.

In 2022, the building rights portfolio increased by approximately SEK 3 Bn. Given the challenging market conditions towards the end of the year, we were more selective regarding investments in building rights.

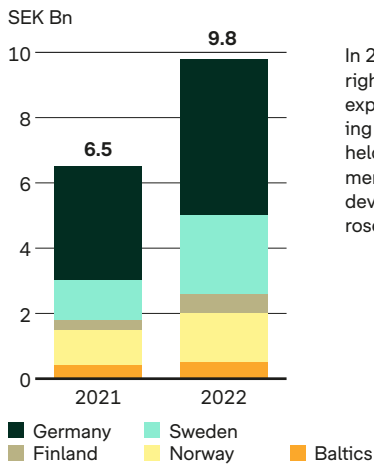
We increased the number of building rights by 5 per cent at the Group level in 2022. The largest increases were in the Baltics segment, which is a market where we see great potential for growth. The diagram illustrates the development of the building rights portfolio during 2022 and its composition at the end of 2022.

Number of building rights, on and off the balance sheet by segment



In 2022, we expanded the building rights portfolio by 1,700 (2,200) building rights, with the growth segment of the Baltics accounting for the largest increases.

Carrying amount, building rights portfolio (SEK Bn), Properties held for future development, and capitalised development expenses



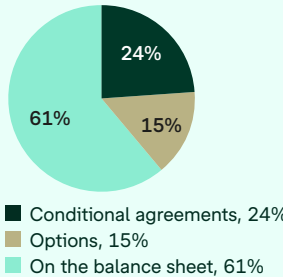
In 2022, the building rights portfolio was expanded and the carrying amount of properties held for future development including capitalised development expenses rose to SEK 9.8 Bn (6.5).

Building rights at the end of 2022

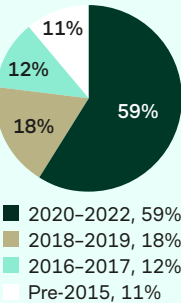
Number of building rights

32,700

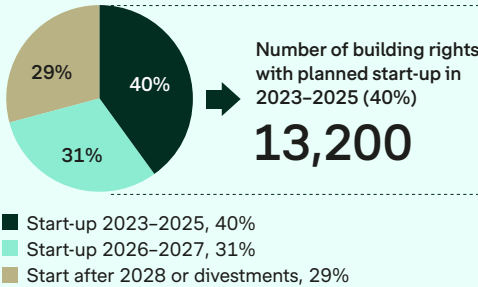
Number of building rights, on and off the balance sheet



Timing for entering agreements to purchase building rights

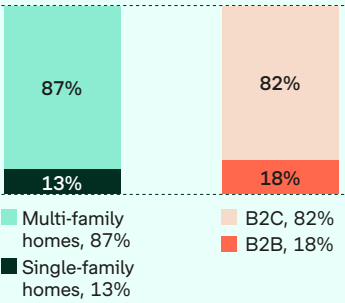


Planned start for building rights



Number of building rights with planned start-up in 2023–2025 (40%)
13,200

Distribution of building rights with start-up in 2023–2025



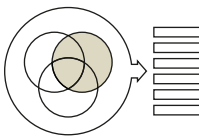
The share of on-balance sheet building rights accounted for 61 per cent of the total building rights portfolio. 15 per cent of the building rights were included in option contracts and the remaining 24 per cent in conditional contracts. Keeping building rights off the balance sheet is a way for Bonava to strengthen the building rights portfolio without significantly increasing capital employed. Furthermore, it offers lower risk given that the terms and conditions are often linked to zoning plans, building permits and environmental requirements.

36 per cent of the building rights are planned to commence production during 2023–2025, 28 per cent in 2026–2027 and the remaining 36 per cent from 2028 onward, or alternately for divestment. Of the building rights that are planned to commence production in 2023–2025, 82 per cent are for consumers and 18 per cent are for investors. Of the building rights that are planned to commence production in 2023–2025, 87 per cent are multi-family homes and 13 per cent single-family homes.

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Drive cost and efficiency through repetition



Bonava will increase cost efficiency through repetition in products and processes. We will ensure that standardisation and repetition take place at the right level, and that we carry out the parts of the value chain that create the most value under own management.

Increase repetition in products and processes

We create clarity and efficiency through repetitive work processes and products. Bonava works with building systems of standardised construction components that are continually being improved and used across several projects in order to achieve cost efficiency. The building systems set the parameters for how we can design our homes. There is flexibility within this framework, which means that residential buildings may look very different even if they have been constructed using the same building system. This is important for meeting customers' needs and the requirements of local governments. Municipalities and local authorities play a central role since they design policies and regulations, make planning decisions, and grant permits.

Each business unit has one or several building systems. In the markets where we have well-designed building systems and work repetitively, we have successfully delivered more quickly and at a lower cost. The building systems with the greatest degree of maturity are in Germany and the Baltics, and in our Swedish single-family homes. We will continue to develop these while increasing the degree of maturity in our other markets.

Competence and efficient project governance

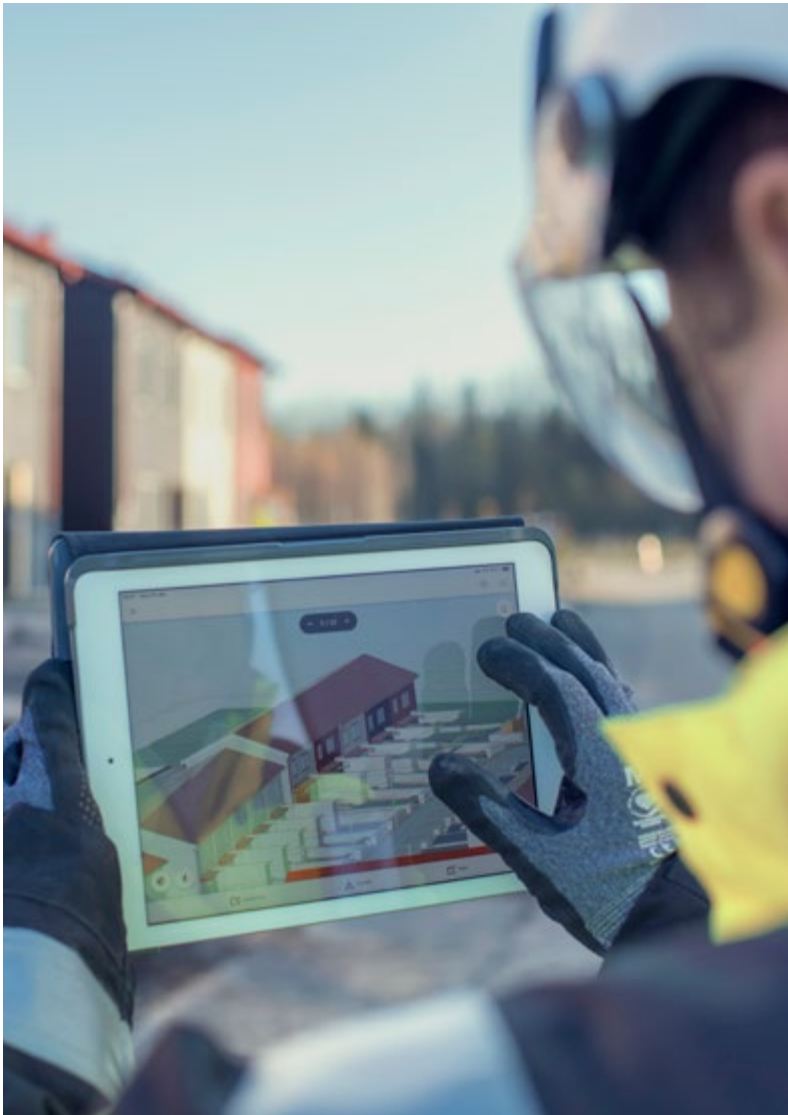
In the areas where there is scope for significant value creation through economies of scale and efficiency gains, Bonava is to have robust internal competence to pursue the operations itself. Internal resources facili-

tate a greater degree of repetition and continual improvements when we learn from our experiences. The functions to be carried out within and outside Bonava may change in pace with developments in the market, and will be routinely evaluated. One example of a change in 2022 is the design initiatives in Finland that are now being carried out by skilled external design firms. Another example is the development of land and ground work by the functions, which has been strengthened internally in the organisation in Germany.

Having the same project team in place over the long term creates efficiency. With every project that is completed, we gain new experience that can be taken into the next project to further enhance the efficiency of the work. We also need efficient project control in order to ensure profitability. The entire process of development, including design and standardised building systems for commercial planning, needs to be in place before we construct and sell our housing units.

Review of costs

In a recession, fixed and indirect costs must be adapted to the new business volumes. Bonava's indirect costs, and costs for selling and administration, must not exceed 6 per cent of net sales. Bonava conducted a review of its selling and administrative expenses, as well as of its indirect costs, during 2022. Moreover, project governance was improved, which allowed the organisation to efficiently manage challenges such as shortages of materials and cost increases. These measures promoted increased profitability.



We create clarity and efficiency through repetitive work processes and products.

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Commercial excellence

The starting points of our commercial focus are creating happy neighbourhoods for the many and a people-centric culture. We will be attractive to our customers. Throughout the customer journey, we must predict needs and meet expectations. This means that we will develop new products, services and business models.



Attractive product mix

Bonava will offer pleasant homes and happy neighbourhoods. Customer preferences and expectations shift between customer groups and over time. Our mix of products – single-family homes, semi-detached houses, row houses and apartments – is a strength that makes our housing units suitable for many different kinds of people. Using recurring surveys among customers and the general public, we learn about what makes people content and feel a sense of belonging in the areas where they live. With the support of these surveys and using Bonava’s lengthy experience in residential development, we can offer concepts that meet our customers’ needs. Our local focus means we can quickly adapt our offering to shifting needs.

The energy crisis in Europe increased customers’ interest in energy-efficient homes in 2022. Bonava is meeting this interest by offering energy-efficient and fossil-free heating systems in our homes. During the year, high interest rates and energy prices – as well as lower consumer confidence in the future – meant that many were concerned about making large investments such as buying a home. Bonava has partnered with banks and financial advisers to help our customers gain transparency in housing cost scenarios, and to offer products that reduce the customer’s financial risk.

Explore new business models

In order to meet new needs, we must explore new business models. For example, we initiated three projects in which we are developing rental apartments that we will own until we feel that the prevalent market conditions are right for selling. This is our Build to Manage, or B2M, model. In an initial stage, we plan to develop rental apartments in the Swedish and Baltic markets, and to make use of the existing project portfolio. We plan to create assets using the B2M model corresponding to a maximum of SEK 1.5 Bn.

Our recurring surveys of customers and the public let us gain insights into what makes people feel at home in their neighbourhoods.

Meeting customer expectations throughout the customer journey

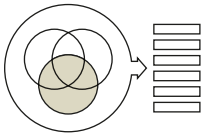
Bonava will meet its customers’ expectations throughout the customer journey. Based on our customer insights, we can package and standardise our offerings, thereby achieving cost efficiency without losing customer value. We will make the customer’s decision-making process simple and pleasant. Our goal is to offer exactly the right number of options at a clear and reasonable cost in order to ensure a positive customer experience.

Our customers should be able to perceive our engagement and feel they are well informed throughout the purchasing and move-in process, and when they choose our neighbourhoods. In 2022, the digital customer journey was honed by measuring and optimising our digital communication with customers before, during and after move-in into our homes. The improved digital customer focuses more on customer satisfaction, and ensures a digital presence from beginning to end.

Build a strong brand

Brand awareness of residential developers has historically been low. Since the beginning, Bonava has built a strong brand through innovative products and a differentiated offering. We are proud of our homes and neighbourhoods. We want everyone who works for us, and everyone who lives in our housing units, to be proud to be part of a Bonava-neighbourhood.

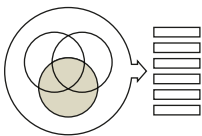
Continual efforts to build our brand in close connection with a relevant and differentiated customer offering increases customer awareness and preference for Bonava. In 2022, we developed a new brand platform that emphasises customer focus, sustainable homes, and a sustainable lifestyle. Customers should recognise us, feel comfortable purchasing from us, and know that we are driven by the desire to make things easier for people in our neighbourhoods. For example, it could be an issue of a shared bicycle shop, a pool of electric cars, or a playground combined with an outdoor gym.



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Three phases for profitable growth



Our markets differ as regards competition, degree of consolidation and government regulations and plans for residential development. Moreover, our business units differ in the degree of maturity and standardisation. This means that conditions vary for our business units and that they need different strategic plans and measures in order for us to achieve our targets.

Three phases

We have divided our strategic initiatives for profitable growth by 2026 into three phases: Stabilise business, Ensure profitability and Grow business. Our business units are in different phases, and the objective is for them to take one step at a time: first, stabilise the operations, then ensure profitability, and then enter the growth phase. The phase in which the business units find themselves also governs their mandates and scope for action.

Phase 1: Stabilise business

The first phase focuses on stabilising the business. The purpose is to ensure sufficient continuous volumes for sustainable operations, and address challenges related to an operation without growth. In this step, we will assess whether the operation has the conditions to take the next step in which we can ensure profitability, or if it should be wound down.

Phase 2: Ensure profitability

The second phase is to ensure profitability and minimise variations in profitability among projects. At the same time, a clearer commercial focus is highlighted alongside the development of more well-defined building systems and repetitive procedures. This drives cost-efficient production. Ensuring profitability also includes investments in building rights in order to achieve a stronger presence and position.

Phase 3: Grow business

The third phase is growing the business at a faster pace than the market. For the business units in this phase, repetitive production processes and building systems are well defined and established. Investments in building rights are optimised based on risk and yield, and new business models are introduced in order to meet customer needs and leverage growth opportunities. This ensures a stable, profitable and growing business over time.

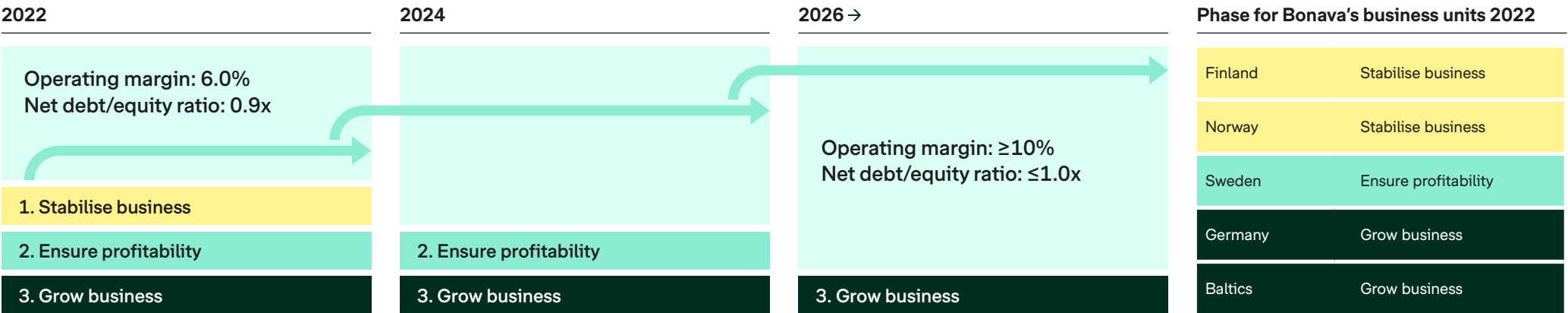
Targets

By starting the right projects with proper control of costs, we will reach our target of at least 10 per cent in operating profit starting from 2026. At the same time, net debt is not to exceed reported shareholders' equity.

Profitability prioritised

We need efficient project control in order to ensure profitability. The entire process of development, including design and standardised building systems for commercial planning, needs to be in place before we construct and sell our housing units. In a weaker market, we are more selective about starting projects in order to ensure profitability.

Read more about the strategic focus and plans for our business units on [pages 34–44](#). →



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The Sweden segment is in Phase 2: Ensure profitability. In Ältadalen, Sweden, Bonava is building the Syrenen neighbourhood, with single-family homes for consumers who want to live more sustainably and have nature at their doorstep.



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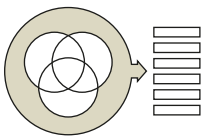
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Everything we do will rest on our firm foundation



Bonava’s operations stand on a stable base with our fundamental values as a foundation. It is also the starting point for our strategy, which has our customers’ best interests in mind.

We have a people-centric culture. This is the core how we work for our customers’ best interests. It also reflects our approach to employees, suppliers, partners and society. Our ambition for health and safety applies to everyone, everywhere, every day. We also want to create an engaged workplace where all of our employees thrive and develop.

By including embedded environmental respect in everything we do, we promote the ongoing transition to limit our climate impact and to reduce the use of natural resources. Resource-efficient residential development that is in line with international climate targets is becoming increasingly important to both consumers and investors, as it is for being granted permits to develop land for residential purposes. Bonava’s integrated sustainability initiatives also facilitate green financing of our operations.

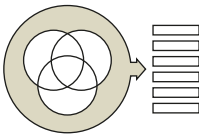
Our residential development projects are our focus. We review our supporting processes, structures and working methods starting from the needs and possibilities of our projects. Business is thus conducted closer to the local market, and decisions are taken as close to the business as possible. This means we are faster and more flexible in meeting customers’ needs. The degree of decentralisation in the respective business units, however, is determined by their maturity.

A central component of our solid foundation can be found in our compliance programme. As support for Group-wide decisions, we have primarily our joint Code of Conduct, our values, and our risk management procedures.

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Embedded environmental respect



Resource-efficient residential development that is in line with international climate targets has become more important to both customers and investors. Environmental respect must therefore be embedded into our entire procedure when creating new homes.

Bonava's housing units are developed to have the best energy efficiency and lowest water consumption possible.



Science-based climate targets

The climate impact from the construction and property industry is significant. Bonava is the first residential developer in Europe to have defined climate targets that were approved by the Science Based Target Initiative (SBTi)¹⁾. By taking responsibility for our climate impact, Bonava promotes the transition and meeting the ambition of the Paris Agreement to limit global warming to 1.5 degrees Celsius.

Respect for natural values in land use

Using land in a sustainable way is becoming increasingly important due to its significance for climate change resilience, and for supporting biodiversity locally. Where previously undeveloped land is claimed, we work to protect biodiversity and other ecological values. Where needed, we remediate land to render it suitable for building homes. These measures will become even more important going forward in order to receive site allocations and building permits, and to be aligned with the EU's green taxonomy for sustainable finance.

¹⁾ Science Based Targets initiative, read more on page 118 and 131.

Energy and resource efficiency throughout the life cycle

Bonava's housing units are developed to have the best energy efficiency and lowest water consumption possible. We will also optimise the use of materials and other resources throughout the life cycle, and we endeavour to attain a circular production model with as few virgin production raw materials and as little waste as possible. Adapting our building systems to national environmental and certification standards creates potential for more efficient utilisation of resources. We have also introduced a digital platform as support in our efforts.

The right materials for sound homes

By using the right materials at the right place in the right way, we can minimise damage to the environment and to people. The fixtures in our homes contain as few materials as possible that are hazardous to the environment and to health. Ecolabelled materials comprise an excellent tool for ensuring sound homes. Paints, adhesives, joints, spackling paste and tiles must be documented free from environmentally hazardous and toxic substances. In Sweden and Norway, we apply the Nordic Swan ecolabel to our housing units and document our compliance with strict requirements for a sound indoor environment as well as harmless and sustainable materials.

Labelling documents our work

In the markets where housing units can be given ecolabels that capture relevant sustainability aspects for our customers, this is an excellent tool for us to package our offering for consumers, investors, and financiers alike. In Sweden, all projects that have started since 2019 have been Nordic Swan ecolabelled. In Norway, the target is for all new projects to be Nordic Swan ecolabelled as of 2021.

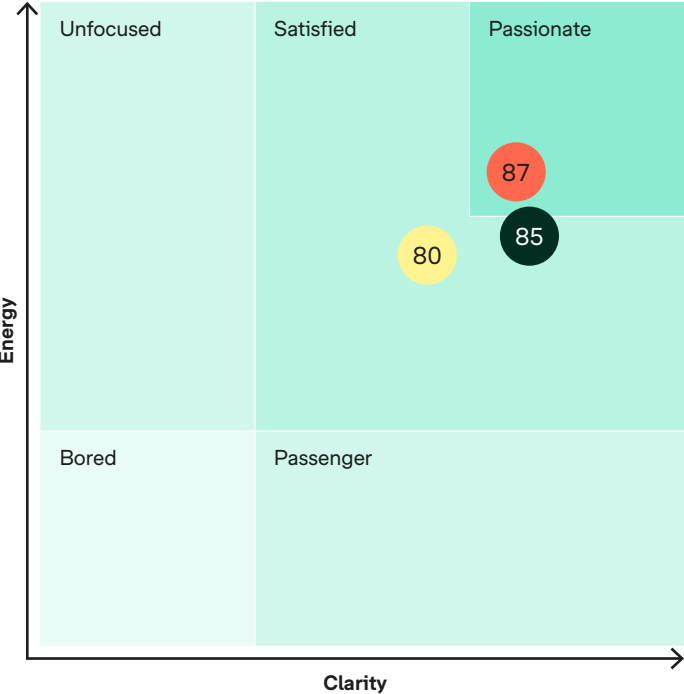
Read more about our efforts under Embedded environmental respect on [pages 117-120 and 131-138](#). →

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People-centric culture

Bonava focuses on customers, employees, suppliers and neighbourhoods when we prioritise and plan. This means that we always apply a people-centric culture.



● Bonava ● Global benchmark
● Top 10 per cent of the best companies

Bonava's success is built on a corporate culture with commitment and passion for always doing our best for our customers. Employee engagement is therefore a strategic goal for Bonava, and our goal is to rank among the 10 per cent of the best-performing companies.

Inclusive approaches to health and safety

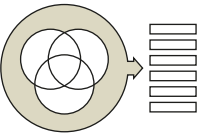
For Bonava, health and safety concerns including customers, employees, suppliers, and the general public in our neighbourhoods in our efforts. Sound homes are the foundation of a sustainable lifestyle.

We safeguard health and safety by integrating them into everything we do and throughout our operation, as well as through continual learning and improvement initiatives. Our goal is a safe and healthy workplace for everyone, everywhere, every day, with a halving of serious incidents by 2026 compared with the 2022 level. We focus even more strongly on culture and leadership, and we prioritise preventive efforts such as better integrating health and safety into our early planning stages. We work on our largest risk areas through structured improvement initiatives in the business unit-owned "Everyone plans" (strategic health and safety plans). Our comprehensive Health and Safety programme linked to the new goal contains detailed targets, activities, and measurements for monitoring.

A passion for the customer's best interests

Bonava's success is built on a corporate culture with commitment and passion for always doing our best for our customers. A sense of engagement among our employees is also the foundation for being able to attract and retain crucial competence. We serve several markets, and we are actively involved in various initiatives to strengthen our shared culture.

In order for every individual at Bonava to have the opportunity to grow, an environment that encourages positive performance and achievements is needed as well as opportunities to learn – under great leadership. Each business unit is responsible for meeting the needs of their own employees for various forms of development. Bonava also has Group joint initiatives for competence development and during 2022, future potential Group-wide leadership and talent programmes were reviewed.



The Employee Net Promoter Score (eNPS), an employee loyalty and commitment index, is Bonava's most important employee-related indicator. We chose to highlight the most crucial of these, employee engagement, as an overall goal. The bar has been raised as of 2022: Bonava's results shall be among the best 10 per cent of companies.

Diversity creates better homes for the many

Bonava's purpose is to create happy neighbourhoods for the many. By endeavouring to become a welcoming and inclusive workplace with a high degree of diversity among our employees, we create better conditions for achieving our purpose. Our Code of Conduct emphasises that Bonava stands for equal opportunities for everyone. The degree of our success in achieving this is monitored in the Passionate Workplace annual employee survey.

There are internships and apprenticeship programmes for students, as well as mentorship programmes, in several of Bonava's markets. Active competence development and internal recruitment for senior positions are prime examples that increase motivation. By helping the entire pool of employees to achieve its full potential, we ensure that Bonava's organisation is as effective and as dynamic as possible.

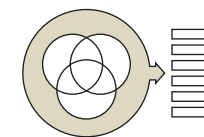
Read more about our efforts in the area under People-centric culture on pages [121–125](#) and [139–143](#). →

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Development of housing units and residential districts is a central component of every community, and maintaining trusting relationships with various stakeholders.

Governance for high performance



Residential development projects involve local market awareness, keeping customer preferences in mind. Demands are growing for us to be faster and more flexible in order to meet our customers' expectation, and business should be conducted so as to make this possible. At the same time, we must always ensure a high degree of business ethics. Bonava must always be a partner to be trusted.

Project needs the governing factor

To ensure a business-driven approach based on local market conditions, mandates and decisions were moved closer to the market and projects – meaning closer to the business units – during the year. This way, the business units can more quickly adapt their offerings based on the local market and their customers' needs. Mandates and assignments vary among the business units, based on degree of maturity and capacity. The starting point is that all of the business units must first achieve commercial and financial stability. Stable business units are to focus on measures that create profitability, while profitable business units will focus on growth.

Another priority issue in 2022 was getting the right competence and teams in place to address the market.

High degree of business ethics creates confidence

Development of housing units and residential districts is a central component of every community, and maintaining trusting relationships with many different stakeholders. We must therefore always conduct our operations with a high degree of business ethics and proper transparency.

Our internal regulations and processes are defined in our Code of Conduct as well as in other policies and business management systems. We also have a programme for compliance with the Code of Conduct that includes training in anti-corruption and ethics. Our Ethics Committee meets regularly for the purpose of strengthening the programme and improving its procedures.

Our whistleblower function, SpeakUp – which is managed by an external third party – is an important component of our efforts. It provides both employees and individuals outside Bonava with the opportunity to report their observations anonymously.

Since its beginnings, Bonava has been a member of the UN Global Compact. As regards compliance with its fundamental principles on human rights, safe working conditions, environmental protection and anti-corruption, we set the same requirements for our suppliers as we do for ourselves. A long-term perspective and mutual learning with our suppliers are crucial to our strategy and to achieving several of our targets, particularly our climate targets and the targets for health and safety.

Read more about our efforts under Governance on [pages 126–128 and 143](#). →

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Segments

Our markets differ,
and that is why we serve
them in different ways.



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Varying payment models and cash flows in our markets

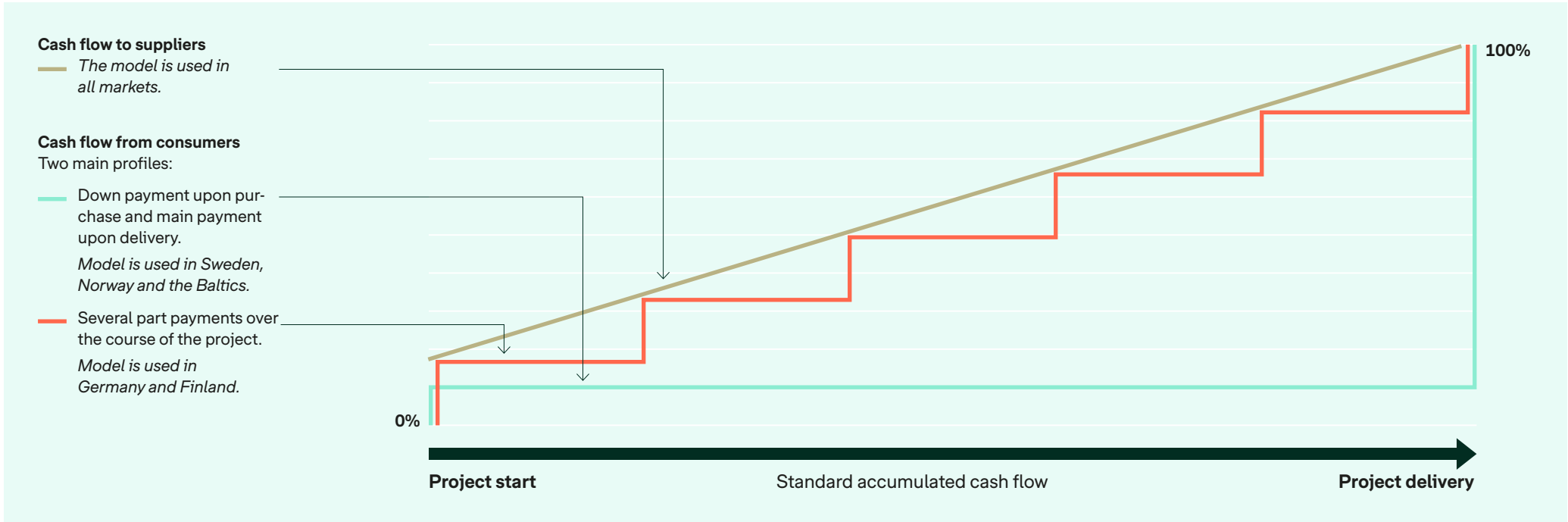
To optimise and ensure the best return on our available capital, it is important to understand the differences in the payment models and cash flows between our markets and customer segments. The cash flow profile from consumer transactions differs among markets, while the structure for the cash flow from investor transactions is negotiated between the parties on a transaction-by-transaction basis in all markets.

Regulations and traditions vary among our markets and thus the consumer segments have differing cash flow profiles in our markets. In Germany, customers make several partial payments in accordance with the applicable regulations. This means that our capital employed in projects is low during ongoing production. Finland has a similar payment model. In Sweden, Norway and the Baltics, customers make a small down payment at the start of the project while the main payment is made on delivery of the home.

This requires a considerably higher level of capital employed during production.

Some payments to suppliers are made prior to the start of production, for example for land and architectural services. Payments for material and contractors are made on an ongoing basis during the construction period and may occasionally also continue after delivery to the customer, for example, for putting the finishing touches to the neighbourhood.

Cash flow profile for consumer transactions in our markets



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Share of net sales

52%^(52%)

Market facts: Germany

Population (annual growth since 2010): 83.2 million inhabitants (0.4%)
Bonava's regions: Berlin, Hamburg, the Baltic coast, Saxony, Rhine-Ruhr, Cologne/Bonn, Rhine-Main and Rhine-Neckar/Stuttgart
Population in Bonava's regions: 30 million inhabitants (approximately 35 per cent of the country's total population)
Share that live in cities: 78%
Unemployment 2022 (2021): 3.0% (3.2%)
Offering: Multi-family housing with apartments (housing units with ownership rights), single-family housing, row houses and semi-detached houses for consumers (housing units with ownership rights) and rental housing projects with apartments for investors
Competitors: BPD, Instone, Ten Brinke, Zech, Pandion, Buwog, Project, Otto Wulff

SEK M	2022	2021	2020
Net sales	7,785	7,276	7,466
Gross margin, %	15.6	16.6	13.9
Operating margin before items affecting comparability, % ¹⁾	11.6	12.6	10.1
Number of building rights	9,800	9,700	8,400

¹⁾ The key figures in 2022 have been impacted by items affecting comparability.

The market situation in Germany presents opportunities

Bonava is a leading residential developer in Germany, with operations in eight metropolitan regions. Bonava's efficient building systems, flexible organisation, and solid offering provide a solid base for creating long-term value from continued investments.

Market potential and drivers

The German market changed during the year. An energy crisis, rising interest rates and inflation have led to customers becoming more hesitant, and finding it more difficult to finance their housing purchases. By and large, the price trends in the segments where Bonava is active are stable, but there is variation among the regions.

At the same time, the market situation offers opportunities. Bonava is Germany's most active residential developer, and is found in eight regions encompassing ten of Germany's largest cities. There has been a housing shortage for many years. This means that there is long-term demand for housing units, especially on the outskirts of the major cities where we operate. Moreover, housing construction is high on the political agenda. The objective of the German government is to build 400,000 housing units annually in Germany. Available land in the cities is severely limited, however, and residential spaces are small, while turnaround times for zoning plans and the permit process are generally long. Nonetheless, the government is planning measures to accelerate the permit process.

A characteristic feature of the German market is a big rental market as many people invest in their home relatively late in life. Compared to Bonava's other markets, this means a lower rate of ownership, and thus a potential for housing units with ownership rights over the long term.



In 2022, Bonava commenced a project with 51 condominiums for consumers on the outskirts of Berlin.

In the short term, demand for rental apartments is increasing as rising interest rates are making purchases of homes more expensive, and banks are tightening the requirements for mortgage deposits for house buyers.

Historically, the German market has been characterised by a large number of local developers who have been able to acquire new land through strong relationships. The challenging market situation could lead to consolidation, which might be favourable for a larger national player like Bonava.

Progress during the year

Germany is Bonava's largest market, accounting for 52 per cent of sales in 2022. Net sales increased during the year to SEK 7,785 M (7,276), and the gross margin decreased to 15.6 per cent (16.6). The decrease is due primarily to the mix of housing units delivered, where more housing units to investors – as well as provisions for guarantees, primarily in completed projects – were recognised in profit year-on-year.

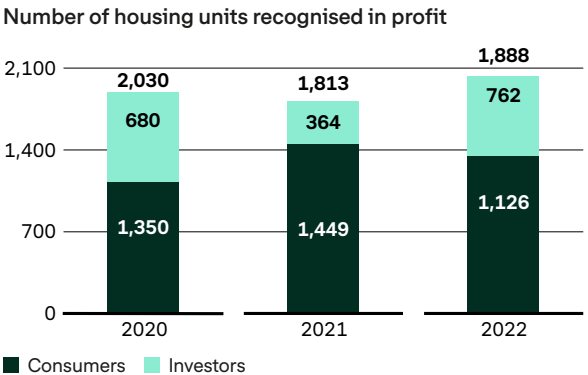
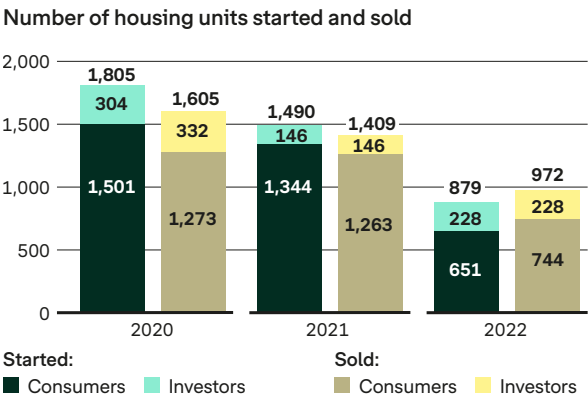
Costs of SEK 32 M resulting from reorganisation have been classified as items affecting comparability. Operating profit before costs affecting comparability decreased to SEK 904 M (914), due primarily to the mix of housing units delivered.

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The focus in the German operations during the year was on implementing the strategy from 2021, and on adapting the operation and the offering to the new market conditions. This included offering smaller housing units, and housing units with a lower standard and less finishing at a more attractive price. Another example is offering housing units with renewable energy solutions such as solar panels and heat pumps. Furthermore, we are studying the demographic trend in Germany so as to meet the housing needs of an ageing generation going forward.

The entire value chain, from land acquisition to sale, is conducted internally in our German organisation, making it flexible and quickly adaptable to new market conditions. Moreover, procedures and building platforms – as well as their digitalisation – are well developed and are continually refined, which ensures cost control and makes the operation efficient. Sustainability aspects such as circularity of materials are being increasingly integrated into the building systems.

Early in the year, we acquired 1,420 building rights in the Leipzig and Berlin regions. This means that our business is growing in two of the most important business centres of the country. The investments encompass both consumer and rental housing projects. There were 9,800 building rights in total in the German operation at the end of 2022, of which 3,100 were off the balance sheet. The building rights are at different stages, and together constitute a firm foundation for growth and profitability over the next three to five years.

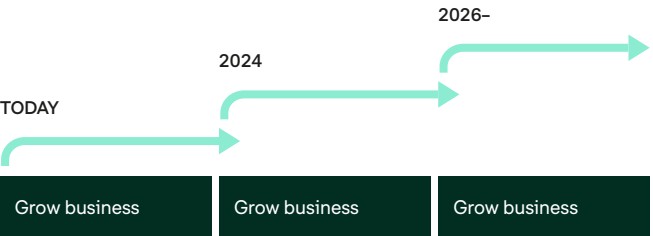


Strategic focus going forward – growth

From a strategy perspective, Germany is in the third phase – growing the business. Growth must take place with improved profitability. In operating activities, improvement efforts will therefore continue to focus on optimisation of production, strategic sourcing and development of our offering.

Continued digitalisation of operations is included in this work, as is ensuring a proactive and structured competence supply in the organisation.

In order to broaden and strengthen our position, the objective is to build up a land bank with a buffer of building rights that will enable an increase in the number of project starts. We have a stable base of attractive building rights for future growth.



Read about the three phases on [page 26](#). →

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Efficient construction of the new HUGOS neighbourhood

In the south of Berlin in the district of Tempelhof-Schöneberg, Bonava is building a completely new property block that is characterised by green spaces and nature. Until 2026, more than 1,400 residents will move into approximately 450 modern tenant-owned and rental apartments as well as semi-detached houses.

To increase efficiency in construction, Bonava takes its starting point in existing housing types and modules, and adapts them to the location and target group of the project. We have developed a platform building system with clear routines and repetition that create security in all processes. This reduces construction costs and leads to time efficiency. Moreover, we strive to build with sustainable materials and to supply the housing units with green electricity.

Winner of the Real Estate Brand Award 2022

Bonava took first place in the Real Estate Brand Value Study covering residential developers in the German market. This is the largest brand value study in the European property industry. It surveys 120,000 property professionals in 45 countries about their perceptions of 1,500 different property companies.

Sweden

Share of net sales

18% (24%)

Market facts: Sweden

Population (annual growth since 2010): 10.5 million inhabitants (1.0%)
Bonava's regions: Stockholm, Gothenburg, Linköping, Uppsala and Umeå, as well as rental apartments in several larger regional cities
Population in Bonava's regions: 4 million inhabitants (approximately 40 per cent of the country's total population)
Share that live in cities: 88%
Unemployment 2022 (2021): 7.2% (8.0%)
Offering: Multi-family housing with apartments and single-family housing for consumers (tenant-owned apartments and housing units with ownership rights) and rental housing projects for investors
Competitors: JM, Riksbyggen, HSB, Skanska, Peab, Besqab, Nordr, BoKlok, OBOS

SEK M	2022	2021	2020
Net sales	2,745	3,327	3,528
Gross margin, %	3.1	12.6	11.7
Operating margin before items affecting comparability, % ¹⁾	-2.0	8.8	8.0
Number of building rights	8,700	8,200	7,600

¹⁾ The key figures in 2021 and 2022 have been impacted by items affecting comparability.

Focus on improved profitability in Sweden

Sweden is Bonava's second-largest market. We have an attractive breadth in our offering of housing units to rent or own, in or near large cities. At the same time, stronger control of our projects is required in order to ensure profitable and sustainable growth.

Market potential and drivers

Increasing population and relocation to the major cities, together with historically low interest rates and greater disposable income, previously drove the housing market in Sweden. In 2022, however, interest rates increased and inflation rose to higher levels, which resulted in a cautious market. In the autumn, sales slowed and the market had expectations of a downturn in prices.

Turnaround times for zoning plans and granting permits are generally relatively long and complex. The Swedish market is relatively consolidated, with a number of major players. There are also a number of smaller niche residential developers. Some residential developers have chosen to broaden their business model to also include property management.

Progress during the year

Net sales amounted to SEK 2,745 M (3,327). In total, fewer housing units were recognised in profit year on year.

During the year, we charged gross profit with costs of SEK 273 M in light of the lower-than-expected volumes in the prevailing market situation. The costs consisted of impairment losses on capitalised project engineering costs and fixed assets, as well as risk provisions. Operating profit before items affecting comparability amounted to SEK -54 M (292) and the operating margin was -2.0 per cent (8.8). In August, Alexandra Laurén assumed the position as



Bonava's first single-family homes with solar panels

Bonava began sales in the Sörgården neighbourhood of Öjersjö, outside Gothenburg, in the autumn of 2022. This is the first project where we are building single-family homes that feature solar panels. Previously, Bonava has built multi-family housing with rooftop solar panels.

A theme of sustainability permeates the neighbourhood. The goal is to make it easier for people to live sustainably. In addition to installing solar panels on the 28 Nordic Swan ecolabelled row houses, they will also have carports that are charger-ready and large gardens facing south. The neighbourhood has a shared storage area that Bonava will equip with tools, gardening equipment, and box bicycles.

Since the housing units will be Nordic Swan ecolabelled and have extremely low energy consumption, there will be a possibility to secure a discounted interest rate on green housing loans for our customers. Additionally, the solar panels will help residents keep costs down by generating their own electricity.

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Business Unit President of Sweden. Together with her team, she initiated a risk review of operations to navigate towards higher profitability. Subsequent to this process, a major reorganisation is taking place. Costs of SEK 20 M resulting from organisational changes that were decided on have been classified as items affecting comparability.

During the year, we made our first investment in a rental housing project intended for in-house management under our Build to Manage model (B2M) . This entails that we construct, retain and manage for a period instead of divesting immediately. Located in Uppsala, the project comprises 231 housing units and completion is expected in early 2025.

During the year, the Swedish operation acquired 270 building rights in one of the most attractive locations in Västerås. The building rights are adjacent to a neighbourhood where Bonava is constructing 560 housing units in stages. We also strengthened our building rights portfolio in Gothenburg by purchasing 230 building rights just south of the city centre. In Haninge, Bonava acquired 90,000 square metres where we intend to construct approximately 150 Nordic Swan ecolabelled housing units. In the last month of the year, Bonava acquired 550 building rights in Upplands-Bro. At the end of 2022, the Swedish operation had 8,700 building rights, of which 2,900 were off the balance sheet.

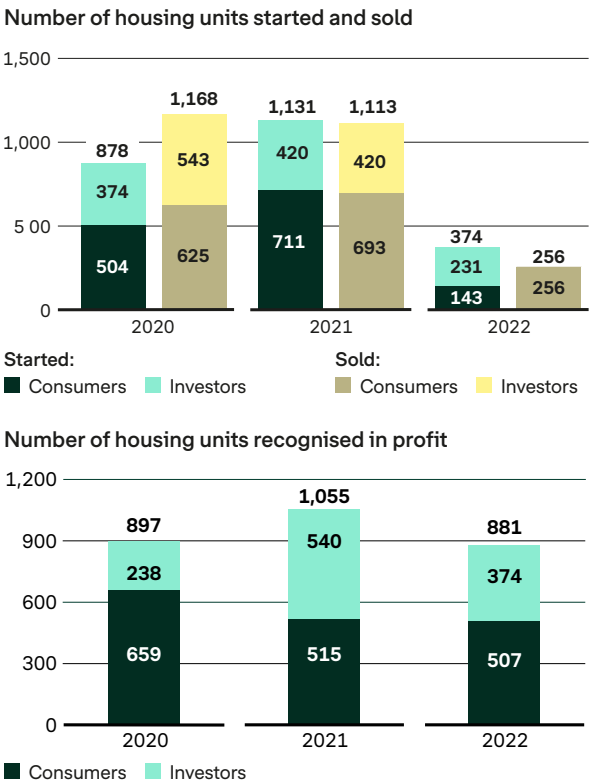
Sustainable and affordable neighbourhood in Uppsala

In the Nästet II neighbourhood, Bonava has constructed 35 Nordic Swan ecolabelled apartments, ranging from studios to four-bedroom apartments. The neighbourhood lies adjacent to nature and within cycling distance of central Uppsala. It has a bike-sharing pool, as well as an electric car-sharing pool for people who want to have access to a car but don't want to burden the environment. In addition, there is a playground, an outdoor barbecue area, and a shared greenhouse in the courtyard for spending time together. The properties have been equipped with solar panels to create ecofriendly heating. The panels reduce

both the indirect emissions of the properties and the housing association's electricity costs.

In addition to the sustainability of its construction, Nästet is a good example of efficient construction. Bonava used smart building systems with clear procedures that make construction both cost- and time-efficient. This means that Bonava can offer affordable housing.

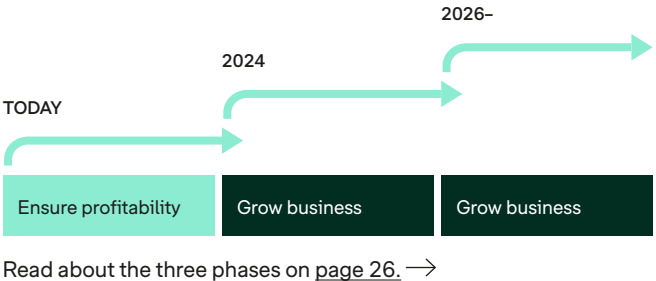
Additionally, the apartments have flexible layouts, which means, for example, that a two-bedroom apartment can be converted into a three-bedroom apartment if a workspace or extra bedroom is needed.



Strategic focus going forward – profitability

Sweden is in the second phase of maturity, where the highest priority is laying a more stable foundation for profitability and creating conditions for growth in pace with the market.

To ensure long-term profitability with growth, Bonava needs to continue sharpening its focus on business, developing its land bank and increasing clarity for responsibility and control in ongoing and future projects.



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Share of net sales

12%^(13%)

Market facts: Finland

Population (annual growth since 2010): 5.5 million inhabitants (0.3%)
Bonava's regions: Helsinki, Espoo, Vantaa, Turku, Tampere
Population in Bonava's regions: 2.2 million inhabitants (approximately 40 per cent of the country's total population)
Share that live in cities: 86%
Unemployment 2022 (2021): 6.7% (7.2%)
Offering: Multi-family housing with apartments for consumers and rental housing projects for investors
Competitors: Skanska, SRV, Lehto, YIT, Pohjola Rakennus

SEK M	2022	2021	2020
Net sales	1,759	1,842	2,718
Gross margin, %	10.4	7.2	7.5
Operating margin before items affecting comparability, % ¹⁾	5.0	3.1	5.0
Number of building rights	3,400	4,100	5,500

¹⁾ The key figures in 2021 have been impacted by items affecting comparability.

More stable operations in Finland

Finland has implemented the revised strategy from 2021, which includes restructuring the organisation and introducing clearer project governance. This has paid off in the form of more stable operations and higher profitability.

Market potential and drivers

Demand for housing units in Finland is concentrated primarily in the metropolitan regions, with the largest population growth and expanded infrastructure: Helsinki, Tampere and Turku, the regions where Bonava operates. Urbanisation is still a trend in Finland, which ensures demand in our regions over the long term.

Consumer confidence in the future fell during the year as a consequence of the Russian invasion of Ukraine, high interest rates and rising inflation, which resulted in lower sales to both consumers and investors. The previously rising prices for newly constructed housing units tapered off, and the long-term rise in construction costs stabilised during the year.

Competition in the Finnish market for multi-family housing is intense. It consists primarily of major players with a broad offering as well as new, smaller players. Bonava is one of the few companies that is a dedicated residential developer.

Progress during the year

Net sales was SEK 1,759 M (1,842). The number of housing units recognised in profit increased during the year,



In 2022, Bonava initiated a project with 76 apartments for investors in the Kirstiparken district on the outskirts of Turku.

Operations

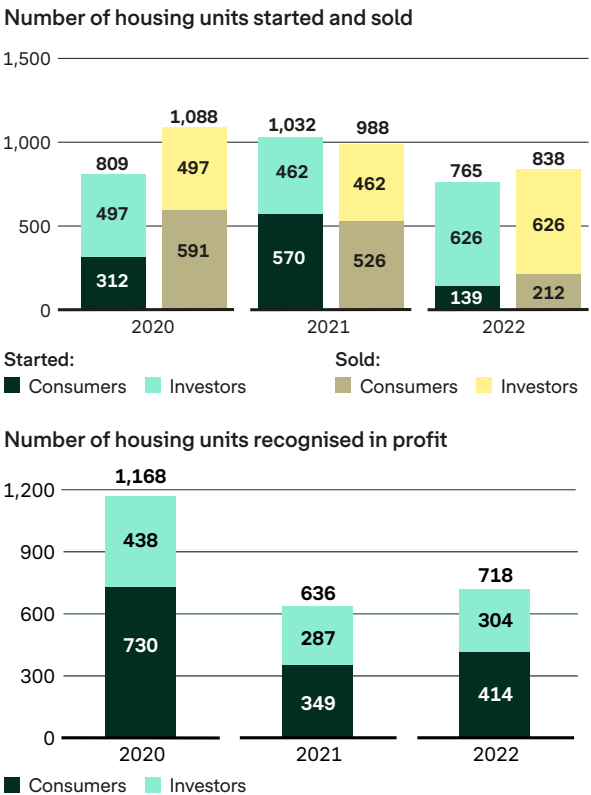
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but compared with previous years was smaller and had a lower average price. Operating profit before items affecting comparability amounted to SEK 88 M (56) and the operating margin was 5.0 per cent (3.1). Despite earnings being charged with fixed and indirect costs for a higher volume than forecast and certain projects suffering from problems with delivery, Finland performed better than in the preceding year. The higher profitability is attributable to improved margins in projects for both consumers and investors as well as lower costs.

During the year, we sold a total of 626 housing units to investors. 489 in Helsinki, 76 in Turku, and 61 in Tampere. Of these, 313 housing units were sold in the autumn in a transaction that totalled EUR 85 M and encompassed three rental housing projects in the Helsinki region. All projects have a robust sustainability profile and will be constructed to meet the requirements for Energy Class A, and one of the projects will be constructed using green concrete. All buildings will be equipped with solar panels.

At the end of 2022, the Finnish operation had 3,400 building rights, of which 2,100 were off the balance sheet.

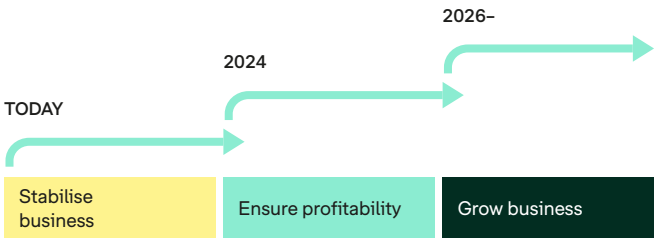


Strategic focus going forward – stability

Finland, which is in the first phase of maturity, needs clearer governance for starting, producing and selling housing projects. The goal is to attain continuous volumes that are high enough to sustain long-term operations, and to standardise the work method.

In Finland, the efforts to improve governance and cost efficiency in design, production and sourcing is continuing. In parallel, the progress of local customer segments and development of the offering based on customer needs was reviewed, and new methods of acquiring land were introduced.

Improving project governance and strengthening competence are the highest priority. This involves forecasts, risk management and a more standardised project management system.



Read about the three phases on [page 26](#). →

Reducing CO₂ emissions with green concrete

In the Tinatie project in Kirkkonummi, Finland, Bonava is constructing two multi-family housing units using green concrete. By using green concrete, which replaces some of the cement with slag aggregates, Bonava reduces its carbon emissions from the concrete frame by 20 per cent. This will lead to a reduction of approximately 200,000 kilograms of emissions compared with standard products.

By 2030, Bonava has committed to halving the emissions from its value chain from 2018 levels in all buildings it constructs. When designing housing units and city blocks, we focus on low and renewable energy consumption, as well as eco-friendly construction processes and choices of materials. The manufacture of construction materials generates carbon dioxide emissions and concrete accounts for a large share of these, but this can be reduced through the use of green concrete.



Project start for major investor transaction

At the end of 2022, Bonava began its Tinatie 3 project, a multi-family housing unit with 93 apartments. The project is the first of a total of three included in a major investor transaction from the autumn of 2022.

Tinatie has an outstanding location in Helsinki. It is centrally located, with access to good public transportation, close to services and schools, and a broad offering of athletic activities. The neighbourhood will have a high sustainability profile and will be equipped with solar panels and geothermal heating.

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Share of net sales

12%^(6%)

Market facts: Norway

Population (annual growth since 2010): 5.4 million inhabitants (0.8%)
Bonava's regions: Oslo and Bergen
Population in Bonava's regions: 2.2 million inhabitants (approximately 20 per cent of the country's total population)
Share that live in cities: 83%
Unemployment 2022 (2021): 3.1% (3.2%)
Offering: Apartments in multi-family housing and single-family homes for consumers, and buildings with rental apartments for investors
Competitors: OBOS, Selvaag, Nordr, JM and Fredensborg bolig

SEK M	2022	2021	2020
Net sales	1,719	787	910
Gross margin, %	9.8	2.4	11.6
Operating margin before items affecting comparability, % ¹⁾	3.7	-8.5	4.7
Number of building rights	3,300	3,000	3,000

¹⁾ The key figures in 2021 have been impacted by items affecting comparability.

Toward clearer project governance in Norway

Our Norwegian operation is still being built up, with the goal of achieving volumes that are large enough to bear its fixed costs and push the operation toward profitability. The focus in 2022 was on improving project control, developing the organisation and investing in building rights.

Market potential and drivers

In Norway, Bonava is active in Bergen and Oslo. The Norwegian market remains stable and liquid, and is characterised by a high proportion of housing units with ownership rights. Owing to high prices in Oslo, more families are looking for housing on the outskirts of the city while more residents are trying to move from rural areas to population centres around Bergen. The total future housing need is estimated to be around 3,200 housing units annually in Oslo, and 1,500 in Bergen.

In general, buyers were more cautious in the second half of 2022 than previously. The housing offering was thus larger at the end of 2022 than at the end of 2021. At the same time, the number of new housing units decreased drastically during the year. Housing prices in our regions increased up through the summer, but rising interest rates and general uncertainty in the market subsequently dampened the upswing in prices.

Long turnaround times in the zoning plan processes in Norway require flexible project planning in order to ensure stable volumes. The competition consists of larger traditional players with similar offerings. Strong incentives for home ownership and a well-regulated market support a continued positive market trend.

Progress during the year

Net sales rose to SEK 1,719 M (787), attributable to more housing units for consumers being recognised in profit, both from recently completed projects and from housing units held in stock. In total, 285 (134) housing



In Yttre Sandviken, where a merino wool spinning mill was previously located, Bonava is constructing 178 waterside apartments. The Merino neighbourhood is surrounded by stunning nature. Hiking trails are just around the corner and by the water there is access to a shared jetty. Residents can also enjoy close proximity to schools, shops and facilities for physical exercise.

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units for consumers and 36 (90) housing units for investors were recognised in profit.

Operating profit before items affecting comparability amounted to SEK 64 M (-67) and the operating margin was 3.7 per cent (negative). Operating profit after items affecting comparability amounted to SEK 64 M (-116) and the operating margin was 3.7 per cent (negative). Earnings were burdened by a challenging project in which the costs increased in conjunction with completion, which was something that was already known.

During the year, the Nordic segment was split into two: Norway and Finland, and a reorganisation was implemented.

We began construction of the Merino block in Bergen, with 178 apartments, in 2022. This is a Nordic Swan ecolabelled conversion project that will transform a former industrial building into housing units. Furthermore, we invested in 235 building rights in Jessheim on the outskirts of Oslo, where we plan to develop Nordic Swan ecolabelled housing units. With a growing population, Jessheim is a priority district for urban development. There is significant demand from first-time buyers and seniors for affordable housing.

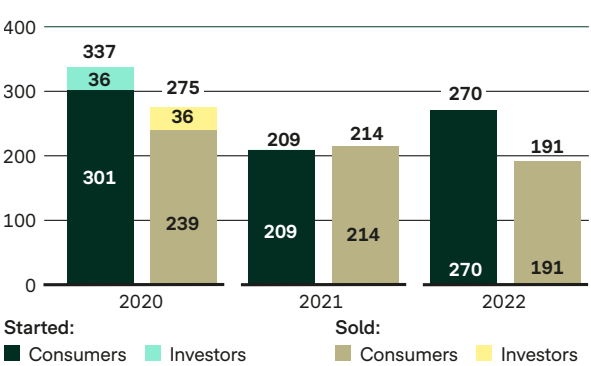
In total, there were 3,300 building rights in the Norwegian operation at year end, of which 1,300 were off the balancesheet.

High expectations for project in Oslo

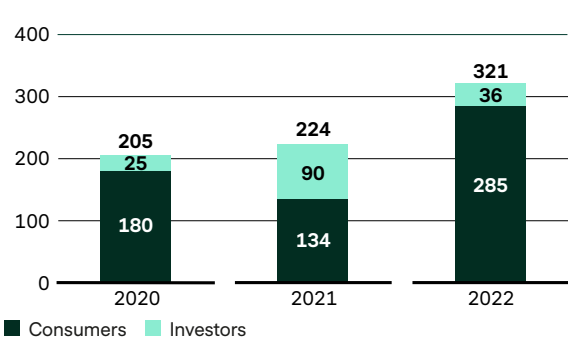
In its Gartneritaket project, Bonava will build around 500 new occupancy-linked apartments in various sizes. The first stage, which was initiated in 2022, is Nordic Swan ecolabelled and will comprise some 90 apartments.

The areas surrounding the new neighbourhood offer beautiful forests and fields for long walks, a picturesque coastline and thickly wooded cultural landscapes. A locally famous market garden was once located here, which is where the block got its name. Gartneritaket will feature numerous green spaces and small greenhouses, both on the roof of the building and in the inner courtyards between the houses. A railway station is located close by with a journey time of 20 minutes to Oslo city centre. The project will be one of our greenest blocks.

Number of housing units started and sold



Number of housing units recognised in profit

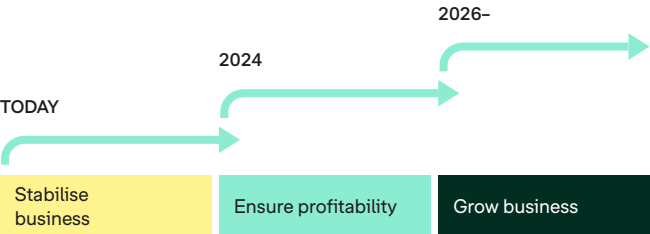


Strategic focus going forward – stability

Norway, which is in the first phase of maturity, needs clearer governance in starting, producing and selling housing projects. This involves forecasts, risk management and a more standardised project management system.

Bonava is a market leader in Bergen. Going forward, the focus will be on accumulating an attractive building rights portfolio in Oslo, maintaining employees’ commitment through leadership development, and creating an agile organisation that can adapt its cost base, customer offering and priorities to local market conditions.

A strategic review of the business unit was initiated at the end of the year, in which some of the alternatives being evaluated are divestment of all or part of the operation, finding synergies with other business units, or further enhancing the efficiency of the operation.



Read about the three phases on [page 26](#). →

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The Nordic Swan ecolabel imposes strict requirements on construction materials, reduced energy consumption and a number of indoor environment factors that impact both health and the environment. Moreover, it imposes requirements on quality assurance during the construction process, on the delivery of the building to its residents, and on its operation. Nordic Swan ecolabelling also entails that the project is classified as a green asset as part of Bonava’s green financing framework.

Share of net sales

6%^(5%)

Market facts: Baltics

Population (annual growth since 2010): Estonia 1.3 million inhabitants (0.0%), Latvia 1.9 million inhabitants (-0.9%), Lithuania 2.8 million inhabitants (-0.7%)
Population in Bonava's regions: Latvia – Riga: 1.1 million inhabitants (55 per cent of the country's total population)
Estonia – Tallinn: 600,000 inhabitants (46 per cent of the country's total population)
Lithuania – Vilnius: 800,000 inhabitants (29 per cent of the country's total population)
Share that live in cities: Estonia 69%, Latvia 68%, Lithuania 68%
Unemployment 2022 (2021): Estonia 5.5% (5.5%), Latvia 7.2% (7.3%), Lithuania 5.9% (6.6%)
Offering: Multi-family housing for consumers (housing units with ownership rights) and rental housing projects for investors, (historically low share)
Competitors: Merko, Endover, YIT, Hanner, Eika, RealCo

SEK M	2022	2021	2020
Net sales	832	757	555
Gross margin, %	18.2	15.0	13.3
Operating margin, % ¹⁾	13.0	10.8	8.8
Number of building rights	7,500	6,000	3,700

¹⁾ The key ratios have not been affected by items affecting comparability, since no such items have been reported.

Investments in growth in Baltics

Bonava is building housing units in the Baltic capitals – Tallinn, Riga and Vilnius. Bonava's position in these markets is a strong one, and its operations are gradually expanding. During the year, we successfully completed our first project in Vilnius.

Market potential and drivers

Bonava is the largest residential developer in Latvia and Estonia. In 2022, Collier's market data named Bonava the largest residential developer in the Latvian market. In Lithuania, where Bonava started its first project in 2020, there is the potential to be a leader.

The markets in all three Baltic capitals are growing economies with low unemployment and increased purchasing power among the younger, highly educated population. The low quality of the existing housing stock combined with growing demand for energy-efficient and well-planned rental housing presents opportunities to both build and

manage resource-efficient and modern rental apartments. In addition, banks are actively competing for Baltic housing loan customers. In other words, there are several factors contributing to a favourable market.

To date, the assessment is that the uncertainty resulting from Russia's invasion of Ukraine will not impact the Baltics to a greater degree than the rest of Europe. Price levels for housing units, like the costs for construction, rose early in the year but stabilised by year-end. Interest rates have gradually increased in 2022.

Progress during the year

Net sales totalled SEK 832 M (757), since more housing units for consumers were recognised in profit at a higher margin compared with the preceding year.

Operating profit totalled SEK 108 M (82), and the operating margin improved to 13.0 per cent (10.8). The operating profit and margin improved due to a higher number of housing units recognised in profit and to strong cost control that ensures profitability in an environment of high inflation and cost increases in the construction market.



200 metres from a lake outside Tallinn in Estonia, Bonava is building a total of 160 housing units. The buildings in the Paldiski neighbourhood form a crescent around a park, and will have solar panels on the roofs.

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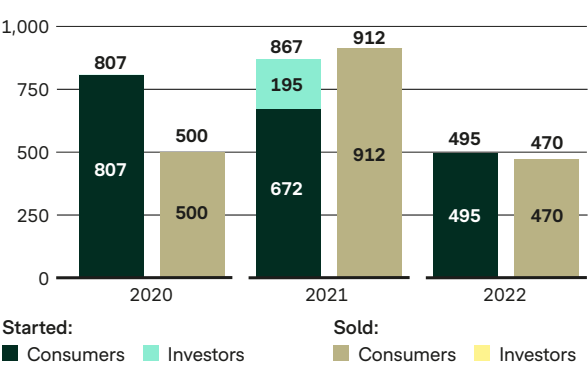
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In Tallinn, Estonia and Riga, Latvia, Bonava invested in its first rental housing projects intended for in-house management under our “Build to Manage” (B2M) model in late 2021. B2M entails constructing, retaining and managing for a period instead of divesting immediately. We have 195 housing units in production in the Baltics, of which 99 are in the Aiandi 11 project in Tallinn and 96 in the Maskavas 5 project in Riga. Production is proceeding in accordance with plans, and we see strong potential in an emerging professional rental market that currently dominated by consumers renting second-hand.

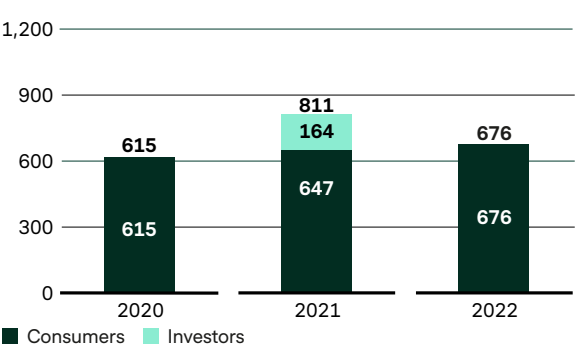
In Vilnius, Lithuania, we are conducting the Laketown project – an investment in eight stages with plans for just over 700 functional and well-planned condominiums for consumers. The first stage, with 102 apartments, commenced in 2022. The neighbourhood has many common areas where neighbours can meet, and is located in an attractive area distinguished by culture, schools, preschools, sports centres and cafés. The finishes in the apartments and wetrooms are completed when the customers move in, which is extremely unusual in Lithuania and raises the standard. Similar initiatives in Tallinn and Riga have yielded very high customer satisfaction ratings.

The building rights portfolio expanded from 6,000 to 7,500 building rights during the year. 3,250 of these building rights were off the balance sheet. This attractive building rights portfolio lays the foundation for future growth.

Number of housing units started and sold



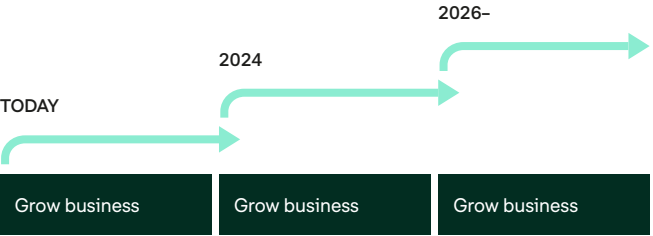
Number of housing units recognised in profit



Strategic focus going forward – growth

The Baltics segment is in the third phase of maturity, with the right conditions for cautious growth with profitability. We must therefore increase and optimise our investments in attractive land based on risk and return. The objective is to increase the portfolio of building rights for larger projects in stages, over several years.

The plan for the Baltics includes rental housing projects that Bonava can choose to retain under own management for a certain period of time. In Riga and Tallinn, the objective is to maintain our leading market position while in Vilnius we will ensure profitable growth and, over time, carve out a leading position.



Read about the three phases on [page 26](#). →

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First project in Lithuania completed

We completed our first project – Vakaru Lenas – in Vilnius, Lithuania during the year. This project comprised 140 housing units with ownership rights for consumers, which were sold with all finishes completed – essentially unique in Lithuania. This is how we pursue a new, higher standard in the housing market. Customer satisfaction surveys showed excellent results, which bodes well for continued demand for housing units with completed finishes. The project is located in an area with several IT companies. It has a broad range of services and entertainment and is marked by an urban lifestyle.



Awards in Latvia 2022

Bonava took part for the first time in an evaluation by the Latvian sustainability index, ranking in the Silver category. Additionally, the Latvian organisation was recognised with membership in the “Mission Zero” initiative, a platform and network of experts that helps its members solve challenges related to issues of health and safety in the work environment. Furthermore, Bonava’s Pagalms 2.0 project took third place in the “Best territorial planning” category in the “Latvian Construction of the Year 2021” award competition.



Operations to be discontinued: St. Petersburg

Bonava announced on 3 March 2022 that the operation in St. Petersburg would be wound-down.

Sales process

Since the decision to wind-down, Bonava has reviewed various strategic alternatives to wind-down operations, with one alternative being a responsible divestment of the operation. On 7 October 2022, Bonava announced that an agreement to divest the Russian operations had been signed. Due to this, the operations in St. Petersburg are recognised in operations to be discontinued as of the third quarter of 2022. Adjusted historical comparative figures have been published on Bonava's website; see <https://www.bonava.com/en/investor-relations/financial-information>.

In January 2023, when it became clear that the sale could not proceed as planned, Bonava decided to impair the net assets of the operation in St. Petersburg. The impairment totalled SEK 877 M and was calculated using the exchange rates current at the end of December. After the impairment of net assets, the exposure to Russia is deemed to be limited. The impairment of net assets was reported under profit/loss for the fourth quarter of 2022 from operations to be discontinued. Read more in Note 28.

Projects

178 (616) housing units were completed and delivered to customers in St. Petersburg in 2022. By and large, the remaining projects are finished. We are awaiting final documents for technical completion and need to complete interior finishing. Once this is in place, the final housing units will be delivered to the customer. No new projects or land purchases will be initiated in St. Petersburg.



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Corporate Governance Report

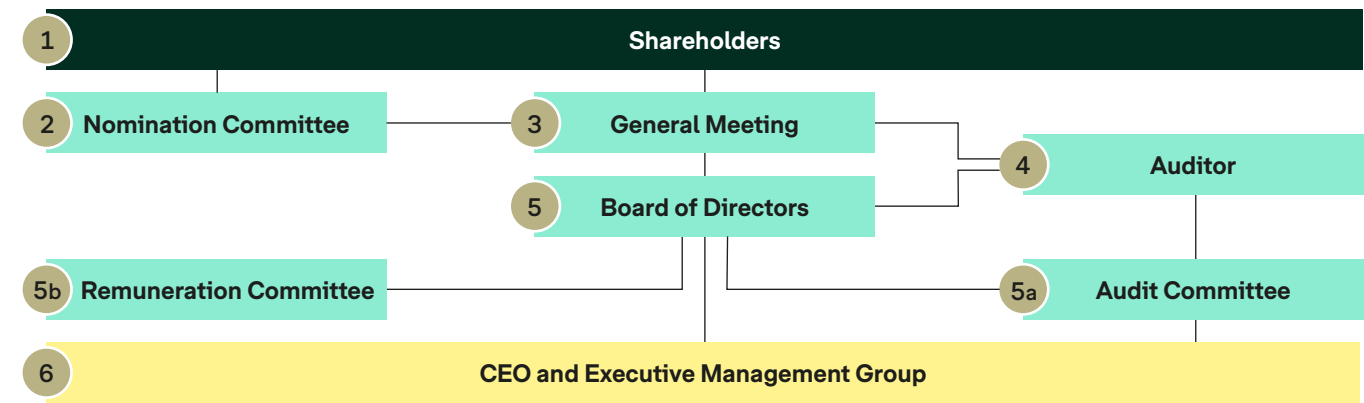
This Corporate Governance Report, which has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code, "the Code", contains important information about how Bonava complies with the Code, about shareholders, the Nomination Committee, the Annual General Meeting (AGM), the Board of Directors and its work, including committees, remuneration and allocation of responsibilities within the governance model. The Corporate Governance Report also describes Bonava's system for internal control and risk management, which according to the Swedish Companies Act and the Code is the responsibility of the Board. This Corporate Governance Report has been prepared by the Board of Directors and is presented in compliance with the Annual Accounts Act and the Code, presenting Bonava's Corporate Governance in 2022.

Regulatory framework, governance model and internal control

Through good corporate governance, Bonava aims to ensure a responsible and sustainable way of working over time. The governance model applied provides a transparent and clear allocation of mandates and responsibility, and an effective management of relevant risks and necessary controls. The objective is to create a long-term sustainable operation that generates value for shareholders and other stakeholders over time.

Regulatory framework and governance model

Bonava is a Swedish public limited company that was listed on Nasdaq Stockholm in 2016. Bonava's corporate governance complies with Swedish law, the Articles of Association, Nasdaq Stockholm's Rules for Issuers and regulations and recommendations issued by relevant organisations. In the countries where Bonava conducts operations, the company complies with local legislation and other regulations. Bonava also complies with accepted securities market practice, which includes the application of the Code.



Bonava's Articles of Association were adopted by the 2021 AGM and are available in full at [bonava.com](https://www.bonava.com). The Articles of Association stipulate that the company, directly or through subsidiaries, develops and invests in residential properties and engages in real estate trading operations, and conducts other operations related to the above. The company also undertakes certain Group-wide activities, such as the provision of employee services. The registered office is in Stockholm, Sweden. The company is prohibited from making any decisions that contravene the Articles of Association without first referring such matters to the General Meeting for a decision and potentially amending the Articles of Association. The Articles of Association do not contain any special stipulations regarding the appointment and discharge of Board members or amendments to the Articles of Association.

Bonava has not departed from the Code. There have been no instances of non-compliance with Nasdaq Stockholm's Rules for Issuers or accepted securities market practice.

1 Shareholders

Bonava's share was listed on Nasdaq Stockholm in 2016. At year-end, the number of shares in the company was 108,435,822. On the same date, the share capital totalled SEK 434 M with a quotient value per share of SEK 4.00.

At year-end, Bonava had 32,468 known shareholders. The company's five largest shareholders at year-end were Nordstjernan AB, the Fourth Swedish National Pension Fund (Fjärde AP-fonden), Swedbank Robur fonder, Avanza wPension and Vanguard. Read more about Bonava's shares and shareholders on pages 156–157.

2 Nomination Committee

The Nomination Committee is a body established by the AGM with the task of proposing the number of Board members and the composition of the Board, including the Chairman as well as proposals relating to remuneration to the Board, including any special fees for committee work. The Nomination Committee also proposes the Chairman of the AGM and the company's auditors and their remuneration. Where required, the Nomination Committee also proposes any changes to the applicable instructions for the Nomination Committee.

Nomination Committee ahead of 2023 AGM

Bonava's 2022 AGM appointed the following Nomination Committee ahead of the 2023 AGM: Peter Hofvenstam (Nordstjernan AB), Olof Nyström (Fourth Swedish National Pension Fund), Lennart Francke (Swedbank Robur Fonder)

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and Chairman of the Board as a co-opted Board member. Peter Hofvenstam was elected Chairman of the Nomination Committee.

Board members ¹⁾	Appointed by	Non-affiliated ²⁾
Peter Hofvenstam, Chairman of the Nomination Committee	Nordstjernan AB	Yes/No
Olof Nyström	Fourth Swedish National Pension Fund (Fjärde AP-fonden)	Yes/Yes
Lennart Francke	Swedbank Robur Fonder	Yes/Yes

¹⁾ And Chairman of the Board, as a co-opted Board member.
²⁾ Non-affiliated to the company and management/the largest shareholder in terms of votes.

The work of the Nomination Committee

According to the instructions, the Nomination Committee’s task is to propose to the AGM the number of Board members and the composition of the Board, including the Chairman as well as proposals relating to remuneration to the Board, including any special fees for committee work. The Nomination Committee also proposes the Chairman of the AGM and, where applicable, the company’s auditors and their remuneration. Where required, the Nomination Committee also proposes any changes to the applicable instructions for the Nomination Committee.

Ahead of the 2023 AGM, the Nomination Committee held seven meetings, and also communicated by phone and e-mail. The Chairman of the Board of Directors reported to the Nomination Committee on the Board’s work during the year, and also discussed the self-evaluation completed by the Board of Directors.

In addition, the Nomination Committee also consulted directly with all Board members concerning the work and composition of the Board. The Nomination Committee has noted that overall, the Board of Directors functions effectively and that it, with regard to the needs of the company’s operations, stage of development and other conditions, has a suitable composition and demonstrates diversity and breadth in terms of skills, experience and background, and that it has an even gender distribution. The requirements pursuant to the company’s diversity policy should be viewed as fulfilled. The Nomination Committee has subsequently evaluated the company’s needs and reviewed the desired Board

composition in relation to the current Board members’ experience and expertise. The Nomination Committee also evaluated Board fees and addressed the matter of remuneration for committee work. The Nomination Committee’s complete proposals are presented in the notice convening the AGM. All decisions taken by the Nomination Committee were unanimous.

Nomination Committee proposals

Shareholders have been invited to submit their proposals and views to the Nomination Committee. Shareholders wishing to present a proposal to the Nomination Committee should do so via bolagsstamma@bonava.com. No special remuneration was paid to the Chairman, or any other member of the Nomination Committee.

The Nomination Committee’s proposals for Board members, Board fees and auditors are published in the notice convening the AGM and at [bonava.com](https://www.bonava.com).

3 General meeting

The general meeting is Bonava’s highest decision-making body and a forum for all shareholders to exercise their influence. The general meeting decides on changes to the Articles of Association. Notices convening general meetings are made available on the company’s website and through announcements in the Swedish Official Gazette (Post- och Inrikes Tidningar). Confirmation that the notice has been issued is published simultaneously in the Swedish daily newspaper Dagens Nyheter.

General Meetings in 2022

Two general meeting were held in 2022. The Annual General Meeting (“AGM”) was held on 1 April 2022 when the Board was elected and other customary matters were decided. Shareholders had the option of participating physically at the meeting or to exercise their voting rights by voting in advance, through postal voting, in accordance with Bonava’s Articles of Association. On 2 June 2022, an Extraordinary General Meeting was held at which a decision was taken on a new share-based incentive programme for the Executive Management Group and specific key executives. Under the Swedish Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations

(2022:121), the Extraordinary General Meeting was carried out solely in the form of a postal vote. It was not possible to attend in person.

2023 Annual General Meeting

Bonava’s AGM for 2023 will be held on 3 April 2023 in Stockholm, Sweden. Shareholders are entitled to raise matters at the AGM subject to submitting a written request to the Board of Directors by 10 February 2023, which the company announced on its website in conjunction with the interim report for the third quarter of 2022. Bonava seeks to ensure that the Board of Directors, management team, Nomination Committee and auditor are present at General Meetings. For more information about the AGM, see page 160 or Bonava’s website, [bonava.com](https://www.bonava.com).

4 Auditor

The company’s financial accounts and accounting, as well as the management by the Executive Management Group and the Board of Directors, are reviewed and audited by the company’s auditor.

At the AGM on 1 April 2022, the registered audit firm Öhrlings PricewaterhouseCoopers AB (PwC) was elected auditor for the period until the AGM in 2023. The election took place on the Nomination Committee’s proposal which concurred with the Audit Committee’s recommendation. Authorised Public Accountant Patrik Adolfson has been appointed Auditor in Charge.

The auditor is to report any material accounting errors and suspected irregularities to the Audit Committee. At least once a year, usually in connection with the closing of the financial statements, the auditor is to report any observations from the audit and its assessment of the company’s internal control to the Board of Directors. The auditor also participates at the AGM to present its Auditor’s Report and outline the audit work carried out and observations made. Bonava’s Sustainability Report was audited and complies with the statutory requirements on sustainability reporting and the Global Reporting Initiative standards according to PwC.

5 Board of Directors

The Board of Directors has the overarching responsibility for Bonava’s organisation and administration.

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According to the Articles of Association, Bonava’s Board of Directors shall have a minimum of three and a maximum of eight members. The AGM on 1 April 2022 resolved to re-elect Viveca Ax:son Johnson, Åsa Hedenberg, Angela Langemar Olsson, Mats Jönsson and Per-Ingemar Persson as Board members, and to elect Andreas Segal and Nils Styf as new Board members. The AGM also resolved to elect Mats Jönsson as Chairman of the Board. At the same time, Frank Roseen stepped down from the Board of Directors. For information on Board members, their assignments outside the Group and their shareholdings in Bonava, see the “Board of Directors” section. The Board of Directors also adopts the Rules of Procedure for the Board and instructions for the CEO. The Board of Directors has also decided on a number of general policies relating to the company’s operations, see pages 51–52. These internal policy documents are reviewed at least once a year and are also updated continuously to comply with legislation as and when required.

The Board of Directors and non-affiliation

Bonava’s Board of Directors was deemed to satisfy the Code’s requirements of non-affiliation as all seven of the members elected by the AGM are not affiliated with the company and the Executive Management Group.

All Board members, with the exception of Angela Langemar Olsson and Viveca Ax:son Johnson, are deemed to satisfy the requirement for non-affiliation with regard to major shareholders (in both cases this relates to Nordstjernan AB).

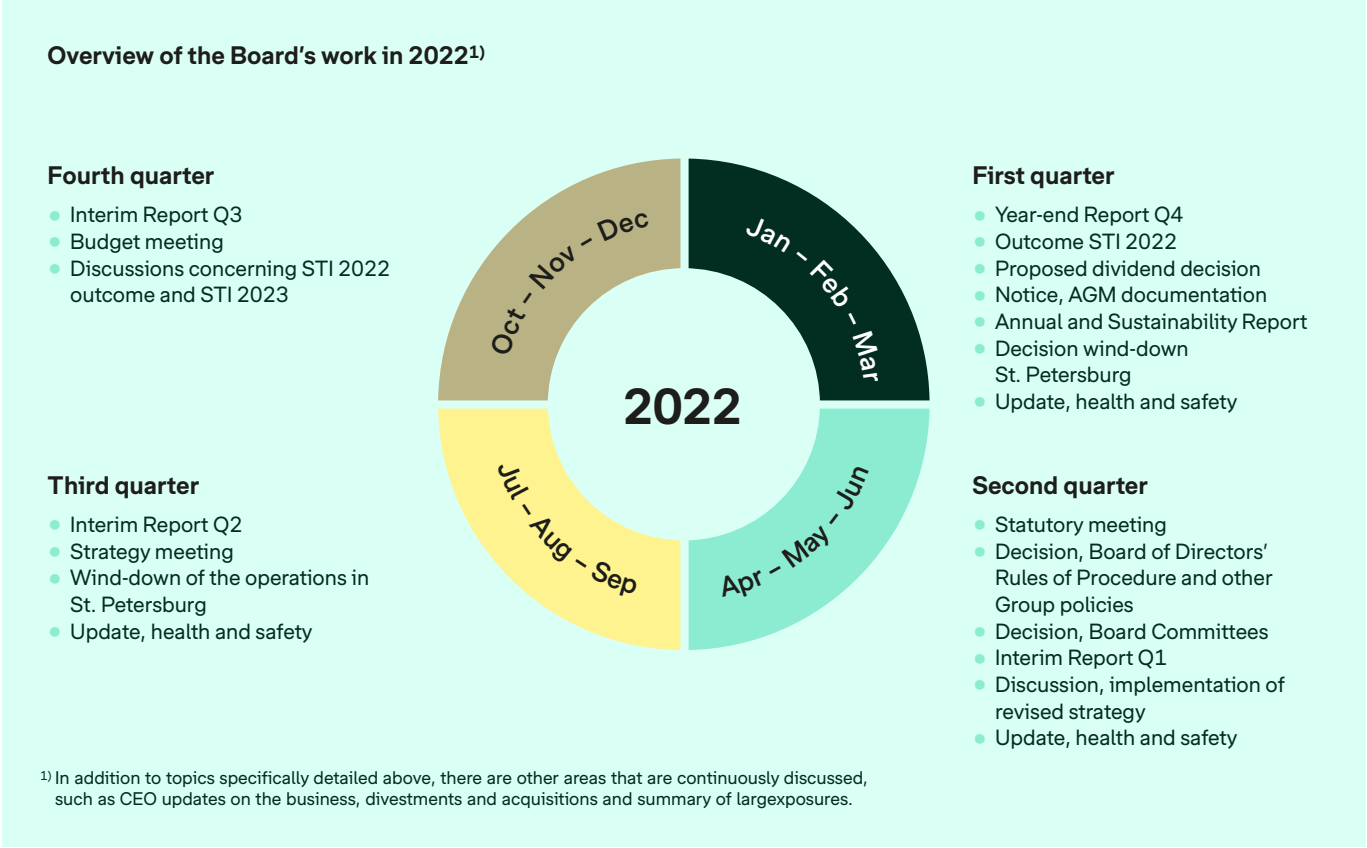
Chairman

The Chairman of the Board is elected by Bonava’s AGM and leads the work of the Board. At the AGM on 1 April 2022, Mats Jönsson was elected as the Chairman of the Board.

Work of the Board of Directors in 2022

In 2022, the Board held 18 meetings. The agenda for every regular Board meeting includes a number of standing items: the CEO’s summary of operations, divestments and investments, financial reporting, a summary of major exposures and reports on any potential health and safety and Code of Conduct incidents.

In 2022, the Board of Directors worked with the continued implementation of the strategy, issues relating to the changed market situation in the business areas and the wind-down of



Remuneration and attendance at Board meetings 2022

Members appointed by General Meeting	Elected year	Board of Directors	Audit Committee	Remuneration Committee ¹⁾	Non-affiliated, shareholders	Non-affiliated, company	Total paid annual fees, SEK
Total number of meetings		18	6	3			
Chairman Mats Jönsson	2020	18		3	Yes	Yes	870,000
Viveca Ax:son Johnson	2015	18		1	No	Yes	317,500
Åsa Hedenberg	2015	18	6	1	Yes	Yes	392,500
Angela Langemar Olsson	2020	18	6	3	No	Yes	493,750
Per-Ingemar Persson	2021	18	6	1	Yes	Yes	392,500
Andreas Segal (as of 1 Apr)	2022	13			Yes	Yes	300,000
Nils Styf (as of 1 Apr)	2022	13 ²⁾		2	Yes	Yes	266,250
Frank Roseen (until 1 Apr)		2		1	Yes	Yes	77,500

¹⁾ Up to the Annual General Meeting on 1 April 2022, the Remuneration Committee's tasks were carried out by Bonava’s Board of Directors in its entirety. A Remuneration Committee was introduced as of 1 April 2022.

²⁾ Of which one only one day.

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Bonava’s operations in St. Petersburg. In March 2022, the decision was taken to close the business in St. Petersburg as a result of the Russian invasion of Ukraine. The company has evaluated possible alternatives to a closure. The divestment that was conducted in October 2022 was cancelled in January 2023 and the sales process has thereafter resumed. In addition, the Board decided on a number of major land and project sales and investments.

Remuneration of Board members

The AGM on 1 April 2022 resolved to pay, in accordance with the proposal from the Nomination Committee, in the period until the next AGM is held, annual fees of SEK 800,000 to the Chairman and SEK 320,000 to each of the other Board members who are not employed by the company. Furthermore, the AGM resolved that, in addition to this remuneration, Board members living in Europe but outside of the Nordic region would receive a meeting fee of SEK 20,000 for each physical Board meeting held in the Nordic region. Additionally, the AGM resolved to pay for work on the Audit Committee, in the period until the next AGM is held, annual fees of SEK 150,000 to the Chairman and SEK 75,000 to each of the other committee members who are not employed by the company, and for work on the Remuneration Committee, an annual fee of SEK 75,000 will be paid to the Chairman and SEK 35,000 to each of the other committee members who are not employed by the company. No special remuneration was paid for any other committee work.

Evaluation of the Board of Directors

In accordance with the Board of Directors’ Rules of Procedure, the Chairman of the Board evaluates the Board’s work annually. In 2022, an evaluation was carried out whereby the Chairman interviewed each of the Board members and compiled the results, after which these were reviewed and discussed at a Board meeting. The purpose of the evaluation was to gather information about the views of Board members on the Board’s work and what measures can be implemented to improve its efficiency.

The intention was also to gain an understanding of the issues that the Board of Directors considers should be given more prominence, and in which areas the Board may be in need of additional experience and competence. The results

of the evaluation were presented to the Board of Directors, and the Chairman shared the results with the Nomination Committee.

Board committees

The Board currently has two committees: the Audit Committee and the Remuneration Committee. The committees’ assignments are regulated more closely in the annually revised committee instructions.

5a Audit Committee

The tasks of the Audit Committee include monitoring the company’s financial reporting and the efficiency of the company’s internal control and risk management.

The Audit Committee works according to an agenda that is set annually and in 2022 it comprised Board members Angela Langemar Olsson (who also served as Chairman), Åsa Hedenberg and Per-Ingemar Persson, none of whom is employed by the company.

In 2022, the Audit Committee held six meetings. Bonava’s auditor was present at five of these meetings. The meetings addressed matters such as the company’s interim reports and financing, the focus of the external audit and the company’s internal control of its financial reporting.

5b Remuneration Committee

The tasks of the Remuneration Committee include addressing matters relating to the principles governing remuneration to the CEO and senior executives, as well as individual remuneration to the CEO in accordance with the remuneration principles.

Up until 31 March 2022, the tasks of the Remuneration Committee were carried out by the Board as a whole. As of 1 April 2022, the Remuneration Committee comprised Board members Mats Jönsson (who also served as Chairman), Angela Langemar Olsson and Nils Styf.

The Remuneration Committee works according to an agenda that is set annually. The remuneration principles include the relationship between fixed and variable remuneration, and the correlation between performance and remuneration, mainly the terms applying to potential bonuses and incentive programmes, and the primary terms of non-monetary benefits, pension, termination of employment and

severance pay. The whole Board determines the CEO’s remuneration and other employment terms. Share-based incentive programmes for the Executive Management Group and other senior executives are decided by the AGM.

In 2022, the Remuneration Committee held three regular meetings. The members were present at all meetings. The meetings addressed matters such as variable and other remuneration to senior executives, guidelines for such remuneration, the proposed remuneration report for the company regarding 2022 and the proposed basis for a share-based incentive programme for the Executive Management Group and certain key executives for resolution in 2022.

6 CEO and Executive Management Group

The division of responsibilities between the CEO and the Board of Directors is defined in the Board’s Rules of Procedure, and the instructions to the CEO are prepared by the Board of Directors. The CEO serves as the head of the Executive Management Group and makes decisions in consultation with members of Executive Management.

The Board of Directors reviews the work and performance of the CEO on an ongoing basis. A comprehensive CEO evaluation was carried out in autumn 2022 and discussed at a Board meeting. The Executive Management Group comprises the CEO, CFO, and heads of the Germany, Sweden, Norway, Finland and Baltics business units, and SVP Brand and Culture and Group Head of Legal (as of 1 February 2022). Due to an organisational change at the beginning of 2022, the roles of Head of Operations, as well as Head of Marketing, Sales and Communications were eliminated from the Executive Management Group (as of 1 February 2022).

The Executive Management Group meets regularly and supplementary meetings are held as and when required. During 2022, the Executive Management Group held ten meetings, of which one was an extraordinary meeting.

Guidelines for remuneration to senior executives

In this context, senior executives are defined as the CEO and other members of the Executive Management Group. For more information on remuneration to senior executives, refer to Note 4. In accordance with the guidelines adopted by the AGM on 1 April 2022 and by the Extraordinary General Meeting on 2 June 2022, Bonava offers remuneration on

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market terms that enable the company to recruit and retain individuals with the highest possible competence levels. The total remuneration package supports the company's long-term strategy. Remuneration to management comprises fixed salary, short-term variable cash-based remuneration, long-term variable share-based remuneration, pensions and other benefits. When determining fixed salaries, individual employees' area of responsibility, experience and achieved results are considered. Fixed salaries are reviewed either annually or biannually. All variable remuneration is related to a fixed salary, and rewards the fulfilment of pre-determined targets, primarily of a financial nature. All variable remuneration at Bonava is designed to motivate and reward value-creating activities that support the company's long-term operational and financial objectives.

With regard to pension, Bonava offers defined-contribution solutions, which means that Bonava pays premiums comprising a specific portion of the employee's salary. The Board of Directors is entitled to depart from the above guidelines for remuneration to senior executives if there are special reasons in an individual case.

Share-based incentive programmes

During the year, Bonava had four share-based incentive programmes, to which approximately 50 key executives are invited to participate in each programme.

The Extraordinary General Meeting on 2 June 2022 resolved in line with the Board of Directors' proposal to introduce a share-based incentive programme for the Executive Management Group and certain key executives. As with the previous programmes, participation in the programme requires an independent shareholding in Bonava. The aim of the long-term incentive programmes is to align the interests of the shareholders and those of the Executive Management Group and certain key executives in order to ensure maximum long-term value creation.

The Extraordinary General Meeting also resolved to authorise the Board of Directors to repurchase Class B shares to ensure the implementation of the incentive programme. On 28 April 2022, the Board decided not to exercise this mandate. The Board of Directors intends to propose that Bonava's future AGMs introduce long-term incentive programmes based on similar principles to the programme implemented in 2022. The share-based incentive programme

adopted at the AGM in 2019 was concluded in 2022. Under the terms of the programme, at least the minimum level for each of the adopted performance targets had to be achieved in order to allocate share rights relating to the relevant performance target to the participants at the conclusion of the programme. Since the minimum level was not achieved for any of the adopted performance targets, the outcome was thus zero for the 2019 programme and no share rights were allocated to the participants.

Share-based long-term incentive programme	LTIP 2022	LTIP 2021	LTIP 2020
No. of employees invited to participate	44	45	52
No. of employees opting to participate ¹⁾	28	36	35

¹⁾ A further six individuals agreed to participate but were unable to fulfil the requirements for personal investment due to insider information during the investment period.

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Internal control of financial reporting and risk management

Bonava's internal control regarding financial reporting is designed to manage risk and ensure a high degree of reliability in the processes surrounding the preparation of the financial statements, and to ensure compliance with applicable accounting standards and other requirements placed on Bonava as a listed company. Bonava complies with the Committee of Sponsoring Organisations of the Treadway Commission's ("COSO") framework for evaluating a company's internal control over its financial reporting, "Internal Control—Integrated Framework." The Framework includes the following five components: control environment, risk assessment, control activities, information and communication, and follow-up. The process has been designed to ensure appropriate risk management, including reliable financial reporting in accordance with IFRS, applicable legislation and regulations as well as other stipulations with which companies listed on Nasdaq Stockholm are required to comply. This work involves the Board of Directors, the Executive Management Group and other employees.

Process for risk assessment and internal control

Bonava has a central Risk Committee and an annual process for systematic risk assessment and internal control for financial and non-financial risks. The Risk Committee consists of the company's CFO, Group Head of Legal, Group Head of Strategy, Group Head of ESG Control & Reporting and Group Head of Risk & Compliance. This process was developed in 2022 to focus more intently on the internal controls that are most material to Bonava's operations. At the beginning of the year, all of the relevant special functions defined the key internal controls for a number of different areas, with a special focus on the main risks for the company in accordance with the risk assessment process carried out in the preceding year. Subsequently, the Risk Committee defined the selected internal controls encompassed by the internal control conducted in 2022. During the spring and summer, each respective Bonava business unit and Group function evaluated its internal control on the basis of the controls defined above. This self-evaluation was then discussed and analysed in more detail in an interactive process that included the Risk Committee. The results of this effort were subsequently shared

with the company's auditors and discussed by the Risk Committee, and in follow-up meetings with the business units, the Committee compiled Bonava's annual report on risk management and regulatory compliance based on the process described above. This report was approved by the CEO and the Audit Committee, adopted by the Board of Directors and delivered to the Executive Management Group. During the autumn, the Executive Management Group and Risk Committee carried out the company's annual risk assessment which, among other uses, forms the basis for the risk section of the Annual Report and next year's internal control process.

Control environment

The division and delegation of responsibilities has been documented and communicated in company policies that govern the Board of Directors and the company. The Board of Directors reviews and approves the following policies annually:

- The Board of Directors' Rules of Procedure
- Instructions to the CEO
- Decision order
- Finance Policy
- Code of Conduct
- Corporate governance policy
- Insider policy
- Sustainability policy

All policies are decided by the Board of Directors. In addition to these policies, Bonava also has other kinds of binding policy documents including a number of Group procedures determined by the CEO. All internal policy documents are updated regularly in connection with changes to legislation, accounting standards or listing requirements, and as and when necessary. All the Group's policies and other policy documents are available to all employees on the company's intranet. The Board of Directors monitors and ensures the quality of the company's internal control in accordance with the Board's Rules of Procedure and instructions to the Audit Committee. The Board of Directors has also adopted a number of fundamental guidelines that govern risk management efforts and internal control activities. These guidelines include risk assessment, demands for control activities

to manage the most material risks, in accordance with the aforementioned risk assessment and internal control process, and reporting. Bonava's control environment is comprised of responsibilities, authorisations and policy documents as well as laws and regulations. Within company management, relevant named document owners have primary responsibility for ensuring compliance with the relevant policy documents. In addition, the company considers that all employees have a responsibility to ensure compliance with all governing regulations and processes. The company makes it possible for employees to assume this responsibility by means of various information and training initiatives.

Risk assessment

In accordance with the Board's Rules of Procedure, the Board of Directors and the Audit Committee review the company's internal control annually. This review is based on the risk assessment and internal control process described above. The Group's overarching risk analysis primarily encompasses risks in the following areas:

- Bonava's operating environment
- Strategic
- Operational
- Health and safety
- Climate and environment
- Customer-related
- Financial
- Legal

The risks identified in each area are evaluated on the basis of their estimated probability and impact. The outcome of the risk analysis is part of the aforementioned risk assessment and internal control process and is included in the annual risk and regulatory compliance report. For more information about the Group's risks and risk management, see pages 66–68 and Note 24.

Control activities

Bonava's risk management is based on a number of control activities being carried out at different levels throughout the business operations and within various functions. The control activities are intended to ensure that Bonava's processes

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are efficient and that the risks identified are managed effectively. For the business operations, ERP systems form the basis of the control structure, focusing on key stages of the business operations such as investment decisions, production start and sales. Bonava places considerable emphasis on monitoring its projects. It has established functions such as Human Resources Operations, which manages payroll administration for the Nordic countries, and a Treasury function that controls financial risks in various respects. In addition, there is the IT function that bears central responsibility for the most essential IT systems at Bonava. All these functions stipulate that processes must include control activities that manage identified risks effectively.

Other control activities in addition to the risk assessment and internal control process described above primarily include quarterly Board meetings in each business unit. Central elements in these meetings include reporting and discussion of financial forecasts and outcomes, the structured risk assessment of the business units, etc. Bonava has also implemented a comprehensive compliance programme ("Our Foundation"). The programme aims to minimise risk relating to regulatory compliance and business ethics, and includes written guidelines on anti-corruption and competition legislation, central and local advisers on these issues, compulsory training in business ethics, annual group discussions, and a whistleblower function. For more information, refer to pages 66–68.

Information and communication

Bonava has established an organisation to ensure correct and efficient financial and non-financial reporting. The internal policy documents specify the division of responsibilities, and daily interaction between the individuals concerned means that relevant information and communication reaches all the relevant parties. Guidelines, instructions and manuals of significance to financial reporting are communicated to the relevant employees through Bonava's intranet. Instructions for non-financial reporting were developed during the year to ensure correct and efficient reporting.

The Board of Directors regularly receives financial reports regarding Bonava's financial position and earnings performance. The Executive Management Group receives monthly financial information about the progress of Bonava's sales, profit, reviews and follow-up of ongoing and future investments, and liquidity planning.

The company's communication policy ensures that all external and internal information is accurate and is presented in a timely manner. Bonava's employees are invited to participate, directly or indirectly, in the preparation of internal policies and guidelines, and have thus been part of preparing these internal policy documents.

Follow-up and improvements

Follow-up continuously takes place at all levels of Bonava. The Board of Directors regularly evaluates the information provided by management and the auditors. The company's auditor also reports observations based on his review, as well as an assessment of internal control, directly to the Board of Directors and to the Audit Committee.

The Board assesses the information provided by the Executive Management Group on a continual basis. Bonava's financial position, investments and ongoing operations are discussed at each Board meeting. The Board is also responsible for monitoring and improving internal control, and ensuring that measures are taken to address any weaknesses or proposals that emerge. This work includes ensuring that measures are taken to handle any shortcomings, as well as following up on suggested measures arising from the external audit. The main basis for the Board's monitoring consists of the previously described risk assessment and internal control process.

Evaluation of the need for a dedicated internal audit function

Bonava does not currently have an internal audit function, apart from the established Risk Committee whose operations have some characteristics of an internal audit. The Board of Directors has reviewed the matter and considers the existing structures for follow-up and evaluation to be satisfactory. In conclusion, this means that it is currently not justified to establish an internal audit function. The matter is reviewed annually.

Sustainability

The Board of Directors determines Bonava's sustainability agenda and overarching Group sustainability targets, and issues the Sustainability Report. The Sustainability Report forms part of Bonava's Annual Report and has been prepared in accordance with the Global Reporting Initiative (GRI Universal Standards 2021). The Sustainability Report has been assured by PwC. The period of the report is the

full-year 2022 and the reporting cycle is annual. Read more about Bonava's sustainability agenda and reporting on pages 3–31, 51–52, 66–68, 110–147, which constitute the statutory Sustainability Report.

Sustainability organisation

The Board holds the ultimate responsibility for Bonava's sustainability agenda and its ongoing sustainability efforts. Bonava's CEO delegates the strategic responsibility for the sustainability agenda to the SVP Brand & Culture. As of November 2022, the operational responsibility is held by the Group Head of ESG Control & Reporting (a new role replacing the former Group Head of Sustainability), who coordinates the sustainability work with the other responsible functions. The Head of ESG Control & Reporting reports to SVP Brand & Culture.

During autumn 2022, Bonava restructured the central sustainability organisation to ensure strategic progress in sustainability matters and coordination between the business units and central functions. In conjunction with this, the ESG Committee was established as a supporting body for Bonava's Executive Management Group. The ESG Committee ensures implementation of the company's sustainability policy and coordinates all issues in the ESG agenda together with the company's business units. Work to develop the procedures of the ESG Committee will continue in 2023. The ESG Committee is led by the Head of ESG Control & Reporting and also includes the Group Head of Legal, CFO, SVP Brand & Culture, Group Head of Strategy and Group Head of Health & Safety.

The Group Head of ESG Control & Reporting participates, on a quarterly basis, in Bonava's Sustainable Financing Committee, which also includes the Group Head of Strategy and Group Head of Treasury.

In addition, Bonava has a Group Head of Health and Safety who has overarching responsibility for developing Group-wide processes and driving the development process for the sustainability aspect of health and safety. The Group Head of Health and Safety leads Bonava's Council for Health and Safety with the aim of preparing supporting documentation for the management team, and implementing decisions. The Council for Health and Safety includes representatives from each business unit. Bonava has a Group Head of Risk and Compliance, who is responsible for developing Bonava's procedures for deliberate and proactive work on risk and compliance management and leads Bonava's Risk Committee.

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Board of Directors



Mats Jönsson
Board member since 2020, Chairman since 2021. Born in 1957.
Education: M.Sc. (Eng.), KTH Royal Institute of Technology in Stockholm.
Previous experience: President and CEO of Coor Service Management, Business Unit Director at Skanska Services, Division Head at Skanska Sverige.
Other current assignments: Chairman of the Board of the Tengbom Group and Lekolar, and Board member of NCC and Assemblin.
Holdings in Bonava (incl. related parties): 30,000 Class B shares.



Viveca Ax:son Johnson
Board member since 2015. Born in 1963.
Education: Social science secondary education.
Other current assignments: Chairman of Nordstjernan, the Axel and Margaret Ax:son Johnson Foundation for Public Benefit, Bokförlaget Stolpe. Board member of Prima Vård Sverige AB, the Axel and Margaret Ax:son Johnson Foundation and FPG Media.
Holdings in Bonava (incl. related parties): 25,000 Class A shares and 123,000 Class B shares.



Åsa Hedenberg
Board member since 2015. Born in 1961.
Education: M.Sc. (Eng.), KTH Royal Institute of Technology in Stockholm.
Current role: CEO of Specialfastigheter Sverige AB.
Previous experience: CEO of Huga Fastigheter, CEO of Uppsalahem, Market Area Manager of Stockholm Kommersiellt Innerstad AP Fastigheter.
Other current assignments: Member of the Council, Stockholm Chamber of Commerce.
Holdings in Bonava (incl. related parties): 9,710 Class B shares.



Angela Langemar Olsson
Board member since 2020. Born in 1970.
Education: M.Sc. (Econ.), Stockholm School of Economics.
Current role: Senior Advisor Nordstjernan, CFO Bonnier Group.
Previous experience: Investment Director at Nordstjernan, CFO at Nordstjernan, Group Business Controller at Hufvudstaden, Assistant Business Controller at Swedish Match.
Other current assignments: Board member of NCC and Adlibris, as well as wholly owned companies in Bonnier.
Holdings in Bonava (incl. related parties): 0



Per-Ingemar Persson
Board member since 2021. Born in 1956.
Education: M.Sc. in Civil Engineering, Lund University, LTH Faculty of Engineering
Previous experience: CEO of Veidekke Sweden, CEO of NVS Installation and various senior management positions within the Skanska Group.
Other current assignments: Board member of two subsidiaries of NEWS AB, Board member of Veidekke and Assemblin.
Holdings in Bonava (incl. related parties): 9,900 Class B shares.



Andreas Segal
Board member since 2022. Born in 1969.
Education: Studies in Economics and a Law degree, Freie Universität.
Previous experience: CEO, Gateway Real Estate AG, Deputy CEO and CFO of BUWOG AG, CFO of Deutsche Wohnen SE and Co-CEO and CFO of GSW Immobilien AG.
Other current assignments: Board Member of Neinor Homes S.A., Spain.
Holdings in Bonava (incl. related parties): 0.



Nils Styf
Board member since 2022. Born in 1976.
Education: M.Sc. (Econ.), Stockholm School of Economics.
Current role: President and CEO, Hemsö Fastighets AB
Previous experience: Chief Investment Officer at Citycon, Director at Areim, Principal at Doughty Hanson & Co, Associate at Deutsche Bank and Analyst at Merrill Lynch.
Other current assignments: Board member in all wholly-owned and partly-owned subsidiaries of the Hemsö Group, Chairman of the Board of NP3 Fastigheter AB, Board member of Mattssons Fastighetsutveckling AB and Cibus Nordic Real Estate AB.
Holdings in Bonava (incl. related parties): 10,926 Class B shares.

Auditor
Patrik Adolfson
PwC (Öhrlings PricewaterhouseCoopers AB)
Auditor in Charge since 2018
Born in 1973

Other significant assignments:
Other audit assignments include AcadeMedia AB (publ), Dometic Group AB (publ), Catella AB (publ), Nordstjernan AB and Pandox AB (publ).
Member of FAR.

Proposed changes for the 2023 Annual General Meeting
The Nomination Committee proposes that Anette Frumerie, Olle Boback and Tobias Lönnevall as new Board members. Åsa Hedenberg, Angela Langemar Olsson and Andreas Segal have declined re-election and will step down from the Board in conjunction with the AGM. The Nomination Committee proposes the re-election of the other Board members.

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Peter Wallin

President and CEO since February 2021. Born in 1967.

Education: M.Sc. (Econ.), Uppsala University.

Professional experience: CFO and Business Area Manager at Ratos. Prior to this, 18 years of experience from senior roles in the Skanska Group, including as CFO and Line Manager with responsibility for Skanska's construction operations in the UK, Poland and the Czech Republic. Executive Chairman of the Board of the Norwegian construction company HENT and Board member of the Norwegian offshore company Aibel.

Holdings in Bonava (incl. related parties): 51,989 Class B shares.



Michael Björklund

Business Unit President St. Petersburg-Baltics since 2016. Born in 1969.

Education: M.Sc. (Eng.), KTH Royal Institute of Technology, Stockholm, B.Sc. (Econ.), Stockholm University.

Professional experience: 16 years' experience in senior positions in the property sector, including IKEA Real Estate Russia, Skanska International, Kingfisher Plc and NCC.

Holdings in Bonava (incl. related parties): 2,285 Class B shares.



Lars Granlöv

CFO since December 2020. Born in 1962.

Education: M.Sc. (Econ.), Stockholm School of Economics.

Professional experience: CFO of Coop Sverige and prior to that held CFO roles at Saab and Gambro, among other companies.

Other current assignments: Board member of Team Olivia Group. Board member and CEO of Granlöv Consulting.

Holdings in Bonava (incl. related parties): 15,000 Class B shares.



Jonas Granström

Acting Business Unit President Norway since September 2021. Born in 1967.

Education: M.Sc. (Eng.), KTH Royal Institute of Technology in Stockholm.

Professional experience: More than 30 years' experience within residential development, construction and management. Head of projects at ByggVesta and VP Technical Services at Scandic Hotels. Prior to this, 22 years in various senior roles within the Skanska Group, including CEO of housing development in Sweden. Owner of consulting company Dirlada AB.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 5,650 Class B shares.



Sabine Helterhoff

Business Unit President Germany since 2019. Born in 1962.

Education: Law degree, Leipzig University.

Professional experience: Head of Legal in Germany since 1999 and responsible for investor transactions in Germany since 2007.

Other current assignments: Board member of German building society Bauindustrieverband Ost.

Holdings in Bonava (incl. related parties): 9,893 Class B shares.



Alexandra Laurén

Business Unit President Sweden since 2022. Born in 1975.

Education: B.Sc (Eng.), Mälardalen University

Professional experience: 24 years of experience in various roles in Skanska Sweden, including in support functions in construction, subsequently in different line positions with managerial responsibility in both the contracting business and project development, including as Deputy CEO, Skanska Sweden.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 0



Riku Patokoski

Business Unit President Finland since March 2021. Born 1973.

Education: M.Sc. (arch), University of Oulu.

Professional experience: More than 20 years of experience in construction, residential and property development. Executive Vice President of Hoivatilat (2018–2020) with responsibility for the company's operations in southern Finland and Sweden. Prior to this, various senior positions at Peab and Skanska.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 6,540 Class B shares.



Hedvig Wallander

Group Head of Legal since October 2021. Born in 1973.

Education: Law degree, Uppsala University.

Professional experience: Head of Legal at Bonava Sweden since 2016. Company lawyer at Peab and lawyer at Mannheimer Swartling.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 4,961 Class B shares.



Anna Wenner

SVP Brand and Culture since February 2022. Born in 1971.

Education: M.Sc. in Political Science, Örebro University and Marketing Communication Program (IHR), Stockholm University.

Professional experience: A total of 20 years of experience from senior roles within the Skanska Group, including HR, Communication and marketing and Head of Media Relations at Skanska AB. Senior Vice President HR and Communication at Skanska Sweden 2016–2021.

Other current assignments: None.

Holdings in Bonava (incl. related parties): 2,321 Class B shares.

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Stockholm, 13 March 2023			
Mats Jönsson <i>Chairman</i>	Viveca Ax:son Johnson <i>Board member</i>	Åsa Hedenberg <i>Board member</i>	
Angela Langemar Olsson <i>Board member</i>	Per-Ingemar Persson <i>Board member</i>	Andreas Segal <i>Board member</i>	Nils Styf <i>Board member</i>
Peter Wallin <i>CEO</i>			

Auditor's Report on the Corporate Governance Statement

To the general meeting of the shareholders in Bonava AB (Publ), corporate identity number 556928-0380

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 on pages 45–54 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 13 March 2023
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
*Authorized Public Accountant
Lead Partner*

Linda Andersson
Authorized Public Accountant

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Report of the Board of Directors

The Board of Directors and Chief Executive Officer of Bonava AB (publ.), corporate identity number 556928-0380, with its registered office in Stockholm, Sweden, hereby present the Annual Report and consolidated financial statements for the 2022 financial year.

Group

Operations

Bonava is a leading residential developer in northern Europe. With our 1,900 employees, Bonava has operations in Germany, Sweden, Finland, Denmark, Norway, Estonia, Latvia, and Lithuania. Germany is our largest market. The operations in St. Petersburg have been reported as operations to be discontinued. The numbers in the Report of the Board of Directors concern continuing operations, unless otherwise stated.

Bonava focuses on 21 major city regions with pronounced growth and with stable local labour markets, which generates demand for new housing over time. Bonava develops land into affordable and sustainable neighbourhoods, where the housing units are adapted to customers' wants and needs as well as the unique circumstances of each location.

Bonava provides multi-family and single-family housing units, and develops homes for consumers and investors, such as pension funds, alongside municipalities and other stakeholders. Bonava thus contributes to the creation of new and vibrant neighbourhoods.

Bonava's share and green bond are listed on Nasdaq Stockholm.

Performance in continuing operations

Net sales

Net sales amounted to SEK 15,706 M (14,746). Fewer housing units for consumers were recognised in profit compared with the preceding year. During the period, 3,029 (3,136) housing units for consumers were recognised in profit, with net sales of SEK 11,210 M (10,995). The average price per housing unit recognised in profit was somewhat higher compared with the year-earlier period, totalling SEK 3.7 M (3.5).

Net sales to investors totalled SEK 4,334 M (3,293), and the number of housing units delivered was 1,661 (1,566).

Exchange rate fluctuations had a positive translation effect of SEK 539 M on consolidated net sales compared with the year-earlier period.

Operating profit

Operating profit before items affecting comparability amounted to SEK 950 M (1,081) and the operating margin was 6.0 per cent (7.3). Operating profit after items affecting comparability amounted to SEK 894 M (1,002) and the operating margin was 5.7 per cent (6.8). Items affecting comparability for full-year 2022 pertain to costs of SEK 56 M resulting from organisational changes decided on in Sweden, Germany and central divisions. Items affecting comparability for 2021 pertain to costs of SEK 117 M related to the wind-down of operations in Denmark in the second quarter, capital gains of SEK 226 M from the sale of Bonava's building rights portfolio in Copenhagen in the fourth quarter, and costs of SEK 188 M in Sweden, Nordic and the Parent Company and adjustments resulting from the strategic review in the fourth quarter. For more information, refer to Note 25.

Exchange rate fluctuations had a positive translation effect of SEK 53 M on operating profit compared with the year-earlier period.

Net financial items, profit before tax and profit for the year

Net financial items were SEK -198 M (-142), attributable to increased interest expenses that were due primarily to a higher financing volume and higher base rates.

Profit before tax for the period totalled SEK 695 M (860). Tax on profit for the period was SEK 190 M (179), corresponding to a tax rate of 27 per cent (21). The tax rate is impacted by the fact that it consists of a mix of various tax rates. The lower tax rate in the preceding year was attributable to most of the sale of the building rights portfolio in Copenhagen being conducted in corporate wrappers. Profit for the period for continuing operations amounted to SEK 505 M (681).

Continuing operations	2022	2021	2020	2019	2018
Net sales	15,706	14,746	16,113	14,669	13,431
Operating profit before items affecting comparability	950	1,081	934	1,044	1,559
Operating profit after items affecting comparability	894	1,002	934	785	1,559
Profit for the year	505	681	581	500	1,229
Net debt	6,985	3,461	3,311	6,873	5,542
Equity/assets ratio, %	31.2	35.1	34.6	32.1	34.9
Cash flow before financing	-3,346	631	3,662	-138	-764
Average no. of employees	1,864	1,822	2,082	2,033	1,923

Operations to be discontinued

In the third quarter, Bonava announced its intention to divest its operation in St. Petersburg. In light of this, the Group's income statement is presented in accordance with IFRS 5 Non-current assets held for sale and discontinued operations. This entails that the result from the operations in St. Petersburg is recognised on a line in the income statement as operations to be discontinued and historical comparative figures have been restated. Assets and liabilities attributable to the operations in St. Petersburg are recognised on a line for assets and a line for liabilities in the balance sheet as of 31 December 2022. In the cash flow statement, cash flow attributable to operations to be discontinued is stated separately.

Loss for the period for operations to be discontinued was SEK 808 M (profit: 127). In the fourth quarter, the full value of the net assets pertaining to the operation in St. Petersburg - SEK 877 M - was impaired.

Financial position

Total assets

Total assets were SEK 25,579 M (23,711). The increase was primarily attributable to investments in land. Exchange-rate fluctuations increased total assets by SEK 1,423 M compared with 31 December 2021.

Net debt

Net debt increased year-on-year to SEK 6,985 M (3,461) at year-end, primarily as a result of investments in land.

Capital employed and return on capital employed

Capital employed amounted to SEK 15,109 M (11,970) at year-end. Increased volume in ongoing housing projects and higher investments in property held for future development in Germany are the reasons for the increase.

Return on capital employed before items affecting comparability was 6.7 per cent (8.8), with the decrease due to lower earnings attributable to factors including costs of SEK 340 M for provisions recognised in the German and Swedish operations.

Equity/assets and debt/equity ratio

As of 31 December, the equity/assets ratio was 31.2 per cent (35.1). The debt/equity ratio was 0.9 (0.4). The change was due to an increase of SEK 3,524 M in net debt.

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Cash flow

Cash flow before financing was SEK –3,346 M (631). Slightly lower earnings and lower tax paid were affected by higher translation differences year on year, which led to cash flow from operating activities before changes in working capital of SEK 527 M (991).

Cash flow from changes in working capital amounted to SEK –3,769 M (–272). Sales of housing projects totalled SEK 13,312 M (12,910), attributable primarily to increased sales in Germany, the Baltics, and Norway. Investments in housing projects amounted to SEK –16,037 M (–13,270), an increase across all segments.

Cash flow from other changes in working capital was SEK –1,045 M (88), which was primarily due to lower cash flows from interest-free financing (customer advances) in Germany.

For operations to be discontinued, cash flow for the quarter was impacted by lower earnings for the period. Investments increased and sales decreased during the period, while cash flow from other investments was impacted by reduced interest-free financing, which, overall, led to cash flow before financing of SEK –463 M (–143).

Housing sales, housing starts and building rights

Housing units in production

At the end of the period, there were 4,324 housing units (5,753) for consumers and 2,627 housing units (3,204) for investors in production. As of 31 December, the sales rate was 50 per cent (58) for housing units for consumers and 100 per cent (100) for housing units for investors. At the end of the period, the completion rate was 55 per cent (45) for consumers and 47 per cent (41) for investors.

Building rights

The total number of building rights at the end of the quarter was 32,700 (31,000), an increase of 5 per cent. The net increase was greatest in the Baltics, with 1,500 building rights. Germany, Sweden and Norway also had a net increase of building rights during the year, while Finland decreased.

	2022	2021
Number of building rights	32,700	31,000
of which, off-balance sheet building rights	12,650	15,000
Housing development for consumers		
Number of housing units sold	1,873	3,652
Sales value of housing units sold	7,063	12,222
Number of housing units started	1,698	3,506
Number of housing units in ongoing production	4,324	5,753
Sales rate for housing units in ongoing production, %	50	58
Number of housing units recognised in profit	3,029	3,136
Housing development for investors		
Number of housing units sold	854	1,028
Sales value of housing units sold	2,159	2,870
Number of housing units started	1,085	1,223
of which investment properties	426	195
Number of housing units in ongoing production	2,627	3,204
of which investment properties	426	195
Sales rate for housing units in ongoing production, %	100	100
Number of housing units recognised in profit	1,661	1,566

Sold completed housing units not recognised in profit at end of period

The number of completed housing units sold but not recognised in profit at year-end was 45 (21).

Unsold completed housing units at year-end

The number of unsold completed housing units at year-end was 168 (93). The increase was primarily attributable to Norway, Finland, and the Baltics.

The share and shareholders

Bonava has two share classes, Class A and Class B. Each Class A share carries ten votes and each Class B share one vote. Share capital on the balance sheet date was SEK 434 M, divided among 108,435,822 shares and 209,190,660 votes. At 31 December 2022, Bonava had 11,194,982 Class A shares and 97,240,840 Class B shares. The number of Class B shares in treasury totalled 1,245,355, corresponding to 1.1 per cent of the capital and 0.6 per cent of the votes.

At year-end, Bonava had 32,468 (30,873) shareholders. Bonava's largest shareholders were Nordstjernan AB, with 24.5 per cent of the capital and 49.3 per cent of the votes, followed by the Fourth Swedish National Pension Fund with 8.8 per cent of the capital and 5.1 per cent of the votes and Swedbank Robur Fonder with 4.8 per cent of the capital and 2.5 per cent of the votes. The ten largest shareholders controlled 53.8 per cent of the capital and 65.5 per cent of the votes in total. More information on Bonava's share and owners can be found on bonava.com/investor-relations and pages 154–155.

Organisation and employees

The average number of employees in the Group for the year, excluding St. Petersburg, was 1,864 (1,822).

Proposed changes to the Board of Directors ahead of the Annual General Meeting

For the 2023 Annual General Meeting, Bonava's Nomination Committee has proposed the re-election of Mats Jönsson (chair), Viveca Ax:son Johnson, Per-Ingemar Persson and Nils Styf. Åsa Hedenberg, Angela Langemar Olsson and Andreas Segal have declined re-election. The Nomination Committee have proposed Anette Frumerie, Olle Boback and Tobias Lönnevall as new Board members. Further details are presented in the notice convening the AGM.

Nomination activities

Bonava's 2022 AGM appointed the following Nomination Committee ahead of the 2023 AGM: Peter Hofvenstam (Nordstjernan AB), Lennart Francke (Swedbank Robur Fonder), Olof Nyström (Fourth Swedish National Pension Fund), with the Chairman of the Board as a co-opted member. Peter Hofvenstam was elected Chairman of the Nomination Committee. For more information about the composition of the Board, refer to the Corporate Governance Report.

Corporate Governance Report

The Corporate Governance Report is included as a separate section of Bonava's Annual Report and does not constitute a part of the formal Annual Report documents; refer to the Corporate Governance section on pages 45–54.

Significant events during the year

Bonava announced on 3 March that the operation in St. Petersburg would be wound down. As of the third quarter, the Group's income statement is presented in accordance with IFRS 5 Non-current assets held for sale and discontinued operations.

On 28 March, Bonava announced that its segment reporting had been adjusted as of 1 January 2022. The Nordic segment had split,

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and the new segments are Finland and Norway. The St. Petersburg-Baltics segment had split, and the new segments are Baltics and St. Petersburg. As of the third quarter, the operation in St. Petersburg is recognised as operations to be discontinued and therefore does not remain as its own segment. The Parent Company and adjustments have been renamed Other operations and encompass Bonava's head office as well as Group adjustments and eliminations, and the remaining portion of the Danish operation is included here.

The Annual General Meeting of Bonava AB was held on 1 April. The Annual General Meeting passed resolutions in accordance with the proposals from the Board of Directors.

In January 2023, a decision was made to impair the net assets of the operation in St. Petersburg. The impairment totalled SEK 877 M and was calculated using the exchange rates current at the end of December. After the impairment of net assets, the exposure to Russia is deemed to be limited. The impairment of net assets will be reported under Net profit for the period from operations to be discontinued.

In the fourth quarter, Bonava refinanced its revolving credit facility (RCF), thereby securing SEK 3 Bn in financing through early 2025.

Significant events after the year

On 2 February 2023, Bonava announced that its financial targets had been revised. Profit before tax and the number of housing starts will be changed, where the new targets are operating margin of at least 10 per cent from 2026. Furthermore, the net debt/equity ratio will not exceed 1.0. The other four strategic targets remain unchanged. On the same date it was announced that a strategic review of business unit Norway has started.

Remuneration

The 2022 Annual General Meeting resolved that the maximum outcome for variable cash-based remuneration be adjusted to total at most 60 per cent of fixed annual cash-based remuneration for the CEO and 50 per cent for other senior executives during the measurement period for such criteria. The foundation for the applicable guidelines will be valid for the period up until the 2026 Annual General Meeting. These guidelines cover the Executive Management Group including the CEO, totalling nine (ten) senior executives.

Bonava applies remuneration levels and employment terms that are necessary to enable the recruitment and retention of a management possessing high competence and the ability to achieve the targets set. The remuneration principles and structures should motivate senior executives to do their utmost to safeguard the shareholders' interests. Accordingly, remuneration should be on market terms and competitive. It should be straightforward, long-term and measurable. The total remuneration package should support the company's long-term strategy. Remuneration to company management comprises fixed salary, variable remuneration, long-term performance-based incentive programmes, pensions and other benefits.

Fixed cash-based salary

Fixed salary to senior executives should be on market terms and based on areas of responsibility, experience and results achieved. Fixed remuneration is reviewed either annually or biannually.

Variable cash-based remuneration

Short-term variable remuneration is to be maximised and related to fixed salary, and based on the outcome in relation to the targets set, of which the absolute majority correspond to financial targets. In 2022, short-term variable remuneration to the CEO was capped at 60 per cent of fixed salary, and for other members of the Executive Management Group maximised at 50 or 40 per cent of fixed salary. At maximum levels, the company's obligations to the individuals concerned would cost the company an estimated maximum of SEK 10 M excluding social security contributions.

Variable share-based remuneration

At an Extraordinary General Meeting on 2 June, a resolution was passed to authorise a long-term performance-based share programme (LTIP 2022) for senior executives and key individuals within the Bonava Group. The allocation of B shares and the disbursement of cash remuneration by virtue of the performance share rights require two performance targets to be met. 60 per cent of the performance share rights must pertain to target 1 (EBT) and 40 per cent must pertain to target 2 (absolute Total Shareholder Return, TSR). It is the view of the Board of Directors that this type of incentive programme benefits the company's long-term progress. LTIP 2022 covers a total of some 45 participants within the Bonava Group. More details on the incentive programme and previously introduced long-term incentive programmes are available at bonava.com. See also Note 4, Number of employees, personnel costs and remuneration of senior executives.

Pensions and other benefits

With regards to pensions, Bonava offers defined-contribution solutions, which means that Bonava pays premiums that comprise a specific proportion of the employee's salary. For all members of company management (who are not covered by ITP plans under collective bargaining agreements), the pension premium in fixed cash salary is not to exceed 30 per cent. Variable cash remuneration will not be pensionable, provided this does not follow from obligatory provisions in a collective bargaining agreement.

Other benefits may include features such as life insurance, health-care insurance and company vehicles. All together, premiums and other costs for benefits of this kind may total a maximum of 10 per cent of the fixed cash salary. For members of company management working outside Sweden, pension and other benefits are arranged in accordance with fixed or mandatory local practice, but in that case adjustment must be kept as far as possible within the boundaries of these guidelines.

Termination of employment

Dismissal pay and severance pay for senior executives should not exceed nine months' salary, or twelve months for the CEO, on termination by the company, and six months on termination by the senior executive. In this context, senior executives are defined as the CEO, CFO and other members of the Executive Management Group. The Board of Directors is entitled to depart from the above guidelines for remuneration to senior executives if there are special reasons in an individual case.

The Parent Company

Net sales and profit

The Parent Company comprises the operations of Bonava AB (publ). Net sales for the period totalled SEK 269 M (280). Profit after financial items was SEK 345 M (393). The average number of employees for the year was 71 (86).

Environmental impact

Bonava does not conduct any operations subject to permits under the Swedish Environmental Code within the Parent Company or subsidiaries.

Statutory sustainability report

The statutory Sustainability Report forms part of Bonava's Annual Report on page 3–31, 51–52, 66–68 and 110–147. Refer to Note S1 and S2 in the Sustainability Report for accounting policies and changes to this year's report. The Sustainability Report is issued by the Board of Directors and is externally reviewed and authorised.

Proposed dividend

The Board of Directors proposes that no dividend be paid for 2022 financial year.

Seasonal effects

Bonava recognises revenues and earnings from housing sales when sold and completed housing units are delivered to customers. Bonava's operations are affected by seasonal variations, which means that a majority of housing units are delivered to customers in the fourth quarter. Accordingly, earnings and cash flow before financing are usually stronger in the fourth quarter than in other quarters.

Amounts and dates

Unless otherwise stated, amounts are indicated in millions of Swedish kronor (SEK M). The relevant period is 1 January–31 December for income statement-related items, and 31 December for balance sheet-related items. Rounding differences may occur.

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Germany

Demand for newly produced housing units during the year was relatively steady from both consumers and investors, since there was a shortage of housing units, but in the fourth quarter demand transitioned to a more cautious state. Bonava notes a continued impact on longer processing times for building permits, which has resulted in delays to project starts. The number of housing starts for consumers was 651 (1,344) and the number of housing starts for investors was 228 (146).

The number of housing units sold to consumers was 744 (1,263), lower than the preceding year. The sales rate for ongoing production was 51 per cent (57). The number of housing units sold to investors was 228 (146). The sales rate for ongoing production was 100 per cent (100).

Building rights were largely on the same level as the preceding year, totalling 9,800 (9,700) at year-end. During the year, agreements regarding a major investment in Leipzig intended for consumers, and in Berlin intended for both consumers and investors, were signed.

Net sales increased year-on-year to SEK 7,785 M (7,276). The number of housing units for consumers recognised in profit decreased to 1,126 (1,449). Housing units for investors recognised in profit, on the other hand, increased to 762 (364).The gross margin decreased to 15.6 (16.6), driven primarily by a mix in which more housing units to investors were recognised in profit year on year, and by increased provisions – primarily for guarantees in completed projects – of SEK 67 M.

Operating profit before items affecting comparability decreased to SEK 904 M (914), with an operating margin of 11.6 per cent (12.6). The decrease was largely due to the mix of housing units delivered, where more housing units to investors were recognised in profit. Selling and administrative expenses increased somewhat year on year.

Costs of SEK 32 M resulting from reorganisation have been classified as items affecting comparability.

Operating profit after items affecting comparability amounted to SEK 872 M (914) with an operating margin of 11.2 per cent (12.6).

Capital employed amounted to SEK 7,074 M (4,393) and the return on capital employed was 15.3 per cent (21.0). The return fell owing to a higher average capital employed.

	2022	2021
Net sales	7,785	7,276
Operating profit	904	914
Operating margin, %	11.6	12.6
Capital employed	7,074	4,393
Return on capital employed, % ¹⁾	15.3	21.0
Average no. of employees	932	911
Building rights		
Number of building rights	9,800	9,700
of which, off-balance sheet building rights	3,100	4,500
Housing development for consumers		
Number of housing units sold	744	1,263
Sales value of housing units sold	3,825	5,770
Number of housing units started	651	1,344
Number of housing units in ongoing production	2,033	2,521
Sales rate for housing units in ongoing production, %	51	57
Number of housing units recognised in profit	1,126	1,449
Housing development for investors		
Number of housing units sold	228	146
Sales value of housing units sold	723	474
Number of housing units started	228	146
Number of housing units in ongoing production	693	1,228
Sales rate for housing units in ongoing production, %	100	100
Number of housing units recognised in profit	762	364

1) The numbers for 2022 have been affected by items affecting comparability.

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Sweden

During the year, interest rates rose and inflation climbed, which resulted in a cautious market. Sweden is the market where we noted the strongest slowdown as regards sales of housing units. The number of housing starts for consumers was 143 (711) and the number of housing starts for investors was 0 (420). The start for investors is a rental housing project intended for own management under our Build-to-Manage (B2M) model.

The number of housing units sold to consumers was 256 (693). The sales rate for ongoing production was 61 per cent (64). The number of housing units sold to investors was 0 (420). The sales rate for ongoing production was 100 per cent (100).

Building rights increased during the year and totalled 8,700 (8,200) at year-end. In the first quarter, an investment was made in a large site in Västerås that encompasses some 270 building rights; additionally, 700 building rights were handed back in the same quarter owing to a recalled planning process. In the second quarter, an investment was made in a large site in Gothenburg that encompasses some 230 building rights intended for consumers, and a site in Stockholm that encompasses around 150 building rights intended primarily for multi-family housing. In the fourth quarter, an investment was made in 550 building rights in Upplands-Bro outside Stockholm.

Net sales amounted to SEK 2,745 M (3,327). The number of housing units for consumers recognised in profit was largely in line with the preceding year, and the proportion of housing units for investors recognised in profit decreased compared to the preceding year.

We charged SEK 273 M in costs to gross profit in the Swedish operation during the year in light of lower anticipated volumes in the prevailing market situation. The costs consisted of impairment of capitalised project engineering costs and fixed assets, as well as risk provisions.

Operating profit before items affecting comparability amounted to SEK -54 M (292) and the operating margin was -2.0 per cent (8.8).

Costs of SEK 20 M resulting from organisational changes that were decided on have been classified as items affecting comparability.

Operating profit after items affecting comparability amounted to SEK -74 M (247) and the operating margin was -2.7 per cent (7.4).

Capital employed amounted to SEK 3,825 M (3,135) and the return on capital employed before items affecting comparability was -1.7 per cent (9.1). The return was lower as a result of the lower operating profit.

	2022	2021
Net sales	2,745	3,327
Operating profit	-54	292
Operating margin, %	-2.0	8.8
Capital employed	3,825	3,135
Return on capital employed, % ¹⁾	-1.7	9.1
Average no. of employees	232	223
Building rights		
Number of building rights	8,700	8,200
of which, off-balance sheet building rights	2,900	3,800
Housing development for consumers		
Number of housing units sold	256	693
Sales value of housing units sold	1,035	2,846
Number of housing units started	143	711
Number of housing units in ongoing production	675	1,055
Sales rate for housing units in ongoing production, %	61	64
Number of housing units recognised in profit	507	515
Housing development for investors		
Number of housing units sold		420
Sales value of housing units sold	12	795
Number of housing units started	231	420
of which investment properties	231	
Number of housing units in ongoing production	651	794
of which investment properties	231	
Sales rate for housing units in ongoing production, % ²⁾	100	100
Number of housing units recognised in profit	374	540

1) The numbers for 2021 and 2022 have been affected by items affecting comparability.

2) Excluding Build-to-Manage. Including Build-to-Manage the sales rate was 63 per cent.

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Finland

The housing market in Finland has been cautious and sales are taking longer. Prices levelled off in the fourth quarter.

The number of housing units sold to consumers was 212 (526). The sales rate for ongoing production was 55 per cent (62). The number of housing units sold to investors was 626 (462). The sales rate for ongoing production was 100 per cent (100).

Building rights decreased during the year and totalled 3,400 (4,100) at year-end.

Net sales amounted to SEK 1,759 M (1,842). The number of housing units for consumers recognised in profit increased compared with the preceding year to 414 (349), and the proportion of housing units for investors recognised in profit increased to 304 (287). Compared to previous years, housing units were smaller and had a lower average price.

Operating profit before items affecting comparability amounted to SEK 88 M (56) and the operating margin was 5.0 per cent (3.1).

Operating profit after items affecting comparability amounted to SEK 88 M (20) with an operating margin of 5.0 per cent (1.1).

The higher profitability is primarily attributable to improved margins in projects for both consumers and investors as well as lower costs.

Capital employed amounted to SEK 561 M (315) and the return on capital employed before items affecting comparability was 9.0 per cent (5.4). The return was higher owing to an improved operating profit.

	2022	2021
Net sales	1,759	1,842
Operating profit	88	56
Operating margin, %	5.0	3.1
Capital employed	561	315
Return on capital employed, % ¹⁾	9.0	5.4
Average no. of employees	232	231
Building rights		
Number of building rights	3,400	4,100
of which, off-balance sheet building rights	2,100	2,400
Housing development for consumers		
Number of housing units sold	212	526
Sales value of housing units sold	582	1,526
Number of housing units started	139	570
Number of housing units in ongoing production	382	681
Sales rate for housing units in ongoing production, %	55	62
Number of housing units recognised in profit	414	349
Housing development for investors		
Number of housing units sold	626	462
Sales value of housing units sold	1,427	749
Number of housing units started	626	462
Number of housing units in ongoing production	1,088	766
Sales rate for housing units in ongoing production, %	100	100
Number of housing units recognised in profit	304	287

1) The numbers for 2021 have been affected by items affecting comparability. No such items were recognised in 2022.

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Norway

The offering of new production remains low and prices were largely unchanged for the year as a whole.

The number of housing units sold to consumers was 191 (214). The sales rate for ongoing production was 47 per cent (64). The number of housing units sold to investors during the year was 0.

Building rights increased somewhat during the year and totalled 3,300 (3,000) at year-end. Investments were made in Bergen during the year for around 300 housing units, and in Oslo for roughly 200 housing units.

Net sales rose to SEK 1,719 M (787), attributable to more housing units for consumers being recognised in profit, both from recently completed projects and from housing units held in stock. The number of housing units for consumers recognised in profit increased somewhat compared with the preceding year to 285 (134), and the proportion of housing units for investors recognised in profit decreased to 36 (90).

Operating profit before items affecting comparability amounted to SEK 64 M (-67) and the operating margin was 3.7 per cent (negative). Earnings were burdened by a challenging project in which the costs increased in conjunction with completion, which was already known earlier.

Operating profit after items affecting comparability amounted to SEK 64 M (-116) and the operating margin was 3.7 per cent (negative).

Capital employed amounted to SEK 2,398 M (2,235) and the return on capital employed before items affecting comparability was 2.5 per cent (negative). The return was higher owing to an improved operating profit.

	2022	2021
Net sales	1,719	787
Operating profit	64	-67
Operating margin, %	3.7	-8.5
Capital employed	2,398	2,235
Return on capital employed, % ¹⁾	2.5	-3.1
Average no. of employees	77	82
Building rights		
Number of building rights	3,300	3,000
of which, off-balance sheet building rights	1,300	1,500
Housing development for consumers		
Number of housing units sold	191	214
Sales value of housing units sold	967	983
Number of housing units started	270	209
Number of housing units in ongoing production	453	482
Sales rate for housing units in ongoing production, %	47	64
Number of housing units recognised in profit	285	134
Housing development for investors		
Number of housing units sold		
Sales value of housing units sold	-2	7
Number of housing units started		
Number of housing units in ongoing production		36
Sales rate for housing units in ongoing production, %		100
Number of housing units recognised in profit	36	90

1) The numbers for 2021 have been affected by items affecting comparability. No such items were recognised in 2022.

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Baltics

The favourable market conditions in the Baltic markets remain, with a low level of unemployment, a lack of supply, and active banks competing using inexpensive mortgages. Customers became more cautious at the end of the year, and the price trend stabilised in all markets.

The number of housing starts for consumers was 495 (672) and there were zero housing starts for investors (195). The start for investors in the prior year is a rental housing project intended for own management under our Build-to-Manage (B2M) model.

The number of housing units sold to consumers was 470 (912). The sales rate for ongoing production was 39 per cent (51). During the year, zero housing units (0) were sold to investors.

Building rights increased during the year and amounted to SEK 7,500 M (6,000) at year-end. In the first quarter, a number of new acquisitions of some 1,600 new housing units in Riga and Vilnius were completed.

Net sales amounted to SEK 832 M (757). More housing units for consumers were recognised in profit at a higher margin compared with the preceding year.

Operating profit amounted to SEK 108 M (82) and the operating margin was 13.0 per cent (10.8). The operating profit and margin improved due to a higher number of housing units recognised in profit and to strong cost control that ensures profitability despite an environment of high inflation and cost increases in the construction market.

Capital employed amounted to SEK 1,085 M (738). The return on capital employed was 11.3 per cent (12.3). The return fell owing to a higher average capital employed.

	2022	2021
Net sales	832	757
Operating profit	108	82
Operating margin, %	13.0	10.8
Capital employed	1,085	738
Return on capital employed, % ¹⁾	11.3	12.3
Average no. of employees	289	231
Building rights		
Number of building rights	7,500	6,000
of which, off-balance sheet building rights	3,250	2,800
Housing development for consumers		
Number of housing units sold	470	912
Sales value of housing units sold	654	893
Number of housing units started	495	672
Number of housing units in ongoing production	781	993
Sales rate for housing units in ongoing production, %	39	51
Number of housing units recognised in profit	676	647
Housing development for investors		
Number of housing units sold		
Sales value of housing units sold		
Number of housing units started		195
of which investment properties		195
Number of housing units in ongoing production	195	195
of which investment properties	195	195
Sales rate for housing units in ongoing production, % ²⁾		
Number of housing units recognised in profit		164

¹⁾ The key figures have not been affected by items affecting comparability, since no such items have been reported.

²⁾ Only Build-to-Manage in production.

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Risks and risk management

Bonava is exposed to risks with varying degrees of impact on the company. These risks may be attributable to events or decisions beyond Bonava’s control but may also be the result of decisions by the company. Through structured and proactive risk management, Bonava’s ambition is to ensure that the risks are either minimised as much as possible or remain potential risks. The Audit Committee is tasked with monitoring and evaluating Bonava’s risk management, including the internal control environment.

In the risk assessment process, a number of risks were identified and assessed based on the probability that they could occur and the impact they would have on the operations. Additionally, the effectiveness of existing internal controls to mitigate risks has been evaluated.




In the table below, Bonava presents selected risks that the company has identified to have an impact on operations and the ability to achieve set goals as well as factors to mitigate those risks. The residual risk exposure is a result of risk assessment and internal control process. Bonava has, with one exception, chosen not to include risks with both low probability and impact in the table. Qualitative and quantitative measurements have been applied to provide a tangible and consistent approach in evaluating the effect of risks on Bonava’s operations.

The Russian invasion in Ukraine that escalated on 24 February 2022 has direct and indirect effects on Bonava. On 3 March 2022, the company announced that it will close its operations in St. Peters-













burg. Economic developments connected to the invasion such as increased energy costs and interest rates have limited possibilities for customers to purchase a new home. The risk evaluation considers those factors.

Bonava has a Risk Committee consisting of the company’s CFO, Group Head of Legal, Group Head of Sustainability (up until September 2022), Group Head of Strategy, and Group Head of Risk & Compliance. The Risk Committee is responsible for centrally organising, coordinating and driving Bonava’s risk management work. The Risk Committee regularly reports to the Audit Committee and Executive Management.

Measures to assess risk

	Probability	Impact	
		Effect on EBT	Reputational damages
High 	Certain or almost certain that risk will materialise in 2023	EBT decrease of >1000 SEK M over next 4 years	Sustained national and international negative media coverage (front page of business section) with impact on relationships with investors and public authorities
Medium 	Possible to likely that risk will materialise in 2023	EBT decrease of up to 500 SEK M over next 4 years	Negative media coverage in a specific region with limited impact on relationship with investors and public authorities
Low 	Highly unlikely that risk will materialise in 2023	EBT decrease of up to 50 SEK M over next 4 years	No press exposure

Macroeconomic risk

Description	Mitigating factors
Regulation	
The company is faced with regulatory changes that significantly impact its operations (e.g., building permit regulations, construction guidelines or financing rules).	Bonava is in continual dialogue with stakeholders who have an influence over the political agenda. This is complemented by an external analysis focused on identifying causes, trends and ongoing changes to laws, ordinances, and other regulations. Bonava continually adjusts its processes, decisions, and its strategy as needed when significant changes occur.
Probability    Impact   	
Housing market and competition	
The company is faced with changes in the housing market that adversely affects the supply of land, services, and goods or demand for its housing units.	The housing market is continuously monitored by internal and external experts to foresee changing market conditions as soon as possible. Bonava carries out structured customer surveys and constantly optimises its production costs in order to always offer customers the products they demand.
Probability    Impact   	

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Operational risk

Description	Mitigating factors
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Portfolio management

The company takes multiple inopportune decisions regarding the investment and divestment in land and housing projects.	Investments in and divestments of land are regulated through a multi-level control environment that includes a properly developed due diligence process and requires Board approval in conjunction with larger contracts.
Probability <div><div></div><div></div><div></div></div>	Impact <div><div></div><div></div><div></div></div>

Project development

The company is running housing projects that fall short of initially projected key performance indicators.	Project development risks are managed through a structured internal corporate governance process. Bonava evaluates and manages risks through operational systems and developed processes and routines concerning, for example, preliminary project and detailed project planning processes as well as centralised procurement.
Probability <div><div></div><div></div><div></div></div>	Impact <div><div></div><div></div><div></div></div>

Procurement

The company's procurement operations do not ensure satisfactory supply with services and goods in terms of volume, price, and compliance principles (e.g. human rights, working conditions, product safety, environmental aspects, and anti-corruption).	<div>Bonava has created a framework for the selection and review of its suppliers to increase control over and improve the coordination of procurement.</div> <div>Bonava has identified the requirements that each supplier must fulfil to qualify as a supplier, with the principles of the UN Global Compact and Bonava's Code of Conduct as a starting point.</div>
Probability <div><div></div><div></div><div></div></div>	Impact <div><div></div><div></div><div></div></div>

Design and production

The company's design and production organisation does not deliver the planned housing units within the time frame, at the quality, and at the costs that have been initially projected.	Bonava seeks to increase the industrialisation of its production. Increased repetition and a greater exchange of know-how within the Group reduces the risk of repeating mistakes.
Probability <div><div></div><div></div><div></div></div>	Impact <div><div></div><div></div><div></div></div>

Description	Mitigating factors
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Environment and climate

The company's activities do not comply with internally decided and externally required environmental standards.	Bonava's internal corporate governance in each market ensures compliance with national and local directives. Bonava's long term climate risk scenario analysis has informed the decision to set full scope science-based targets for urgent climate action, aligned with the pathway to minimise global warming to 1.5 degree Celsius. Responsibility to contribute to the targets is distributed according to business plan. Local and group-wide initiatives are initiated to support the targets. Bonava has internal local resources and/or employs external experts to plan and carry out soil remediation or post-treatment as well as planning of nature protection measures in close dialogue with local authorities. Bonava has Group-wide procedures and systems for alerts and communication regarding accidents and serious incidents as well as a professional Group-wide sustainability network.
Probability <div><div></div><div></div><div></div></div>	Impact <div><div></div><div></div><div></div></div>

Staffing

The company does not maintain an attractive and motivating work environment that attracts and retains a competent workforce to enable the achievement of the company's business objectives.	Bonava has a structured recruitment process and places considerable emphasis on strengthening its reputation as an employer. The company offers competitive employment terms and has established a feedback culture that is complemented by anonymous employee surveys.
Probability <div><div></div><div></div><div></div></div>	Impact <div><div></div><div></div><div></div></div>

Health and safety

The company's workplaces do not meet internal or external health and safety requirements.	Bonava makes no distinction between its employees and subcontractors' employees at sites managed by Bonava and adheres to a vision of "zero harm" with the ultimate objective of preventing the occurrence of all injuries and occupational illnesses. Bonava has established organisational structures and procedures to utilise synergies, govern operations and monitor occupational health and safety work across the Group. Bonava has implemented crisis management plans as well as Group-wide routines and systems for hazard and incident management that include notifications and alerts for severe accidents or incidents. A Group-wide health and safety network has also been established.
Probability <div><div></div><div></div><div></div></div>	Impact <div><div></div><div></div><div></div></div>

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Operational risk cont.

Description	Mitigating factors
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IT

The company's IT environment does not meet operational requirements in terms of functionality, reliability, and data security.	Bonava has implemented a centralised IT organisation that continuously monitors and evaluates the company's business needs.
Probability <div><div></div><div></div><div></div><div></div></div> Impact <div><div></div><div></div><div></div><div></div></div>	

Breach of internal and external regulations

The company significantly violates rules and regulations.	Bonava pursues a comprehensive compliance programme to manage compliance risks. Key elements of the programme include team discussions and online training programmes, extensive advisory services, a whistle-blower function, risk assessments as well as regular internal reporting and communication.
Probability <div><div></div><div></div><div></div><div></div></div> Impact <div><div></div><div></div><div></div><div></div></div>	

Sales and marketing

The company's sales and marketing activities are inefficient and do not sufficiently promote sales of housing units.	The company benefits from centralised expertise that establishes marketing and sales processes supplemented by a well-established network of local experts and empirical analyses.
Probability <div><div></div><div></div><div></div><div></div></div> Impact <div><div></div><div></div><div></div><div></div></div>	

Customer service

Bonava's customer service is not effective in guiding the customer through their journey until the end of the warranty period causing controversy with customers and is not providing the organisation with feedback on common defects.	The company works according to documented and monitored customer service procedures that include feedback to design & production functions and the measurement of KPIs such as average response times.
Probability <div><div></div><div></div><div></div><div></div></div> Impact <div><div></div><div></div><div></div><div></div></div>	

Description	Mitigating factors
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Strategy Implementation

The company does not manage to maintain effective processes to implement strategy updates in the organisation and monitor progress.	Bonava has established a project and change management function that prepares decisions on new strategic initiatives and supports ongoing initiatives through a PMO-process.
Probability <div><div></div><div></div><div></div><div></div></div> Impact <div><div></div><div></div><div></div><div></div></div>	

Crises

The company is not able to adequately respond to crisis situations such as a global pandemic.	The company has established crisis management teams in all organisational units that ensure crisis preparedness and the management of crises based on documented procedures.
Probability <div><div></div><div></div><div></div><div></div></div> Impact <div><div></div><div></div><div></div><div></div></div>	

Financial risk

Description	Mitigating factors
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Liquidity

The company is unable to meet its payment obligations on time.	Bonava has stipulated a specific level relating to its payment capacity. The company also has a structured process for continuously monitoring and forecasting Group liquidity to ensure optimal financing and liquidity at any given time.
Probability <div><div></div><div></div><div></div><div></div></div> Impact <div><div></div><div></div><div></div><div></div></div>	

Reporting

The company submits inaccurate financial and non-financial (environmental, social and governance) reports to the external market or to authorities.	For financial reporting, Bonava applies the completed contract method, which implies that revenue and costs are known at the time of profit recognition. The company also has a structured process for budgeting outstanding costs at the time of profit recognition. A structured process is also used for non-financial items.
Probability <div><div></div><div></div><div></div><div></div></div> Impact <div><div></div><div></div><div></div><div></div></div>	

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Consolidated Income Statement

	Note	2022	2021
Continuing operations	1, 12, 21		
Net sales	2, 3	15,706	14,746
Production costs	4, 5, 7, 9, 11, 15, 21	-13,849	-12,820
Gross profit		1,857	1,925
Selling and administrative expenses	4, 5, 6, 7, 9, 11, 21	-908	-844
Operating profit before items affecting comparability	2	950	1,081
Items affecting comparability	25	-56	-80
Operating profit after items affecting comparability		894	1,002
Financial income		8	2
Financial expenses		-206	-144
Net financial items	8	-198	-142
Profit before tax		695	860
Tax on profit for the year	14	-190	-179
Profit for the year¹⁾		505	681
Operations to be discontinued			
Profit/Loss for the year from operations to be discontinued	28	-808	127
Profit/loss for the year from continuing operations and operations to be discontinued		-303	808
Per share data (before and after dilution)			
Profit for the year relating to continuing operations, SEK	26	4.71	6.35
Profit/Loss for the year relating to continuing operations and operations to be discontinued, SEK	26	-2.82	7.54
Profit/Loss for the year relating to operations to be discontinued, SEK	26	-7.54	1.18
Cash flow from operating activities, SEK		-30.25	6.71
Shareholders' equity, SEK		74.45	77.60
Number of shares at end of the year, million		107.2	107.2

¹⁾ Profit for the full year is attributable to Bonava AB's shareholders.

Consolidated Statement of Comprehensive Income

	2022	2021
Profit/Loss for the year	-303	808
<i>Items that have been or may be reclassified to profit for the period</i>		
Translation differences during the year on translation of foreign operations	202	95
Translation differences during the year on translation of operations to be discontinued	142	55
Other comprehensive income for the year	344	150
Comprehensive income for the year²⁾	41	958

²⁾ Comprehensive income for the full year is attributable to Bonava AB's shareholders.

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Consolidated Balance Sheet

	Note	2022	2021
ASSETS	1, 12, 23		
Fixed assets			
Goodwill	9	77	77
Other intangible assets	9	6	40
Investment properties	10	262	
Real estate used in business operations	11	52	84
Right-of-use assets, buildings		141	211
Machinery and equipment	11	123	135
Right-of-use assets, machinery and equipment		53	42
Non-current receivables	13	78	61
Deferred tax assets	14	178	227
Total fixed assets	24	971	877
Current assets			
Housing projects			
Properties held for future development	15	9,836	6,959
Ongoing housing projects	15	12,055	12,539
Right-of-use assets, ongoing housing projects		37	8
Completed housing units	15	799	706
Housing projects		22,726	20,211
Materials and inventories		8	25
Tax receivables		22	18
Accounts receivable		317	424
Prepaid expenses and accrued income		150	87
Other receivables	13	351	1,003
Cash and cash equivalents	23	119	1,066
Assets held for sale	28	915	
Total current assets	24	24,607	22,834
TOTAL ASSETS		25,579	23,711

	Note	2022	2021
SHAREHOLDERS' EQUITY			
Share capital	16	434	434
Other capital contributions		4,569	4,569
Reserves		413	70
Profit brought forward incl. comprehensive income for the year		2,563	3,245
Shareholders' equity attributable to Bonava AB's shareholders		7,979	8,318
Non-controlling interest		5	5
Total shareholders' equity		7,984	8,322
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	17	3,457	2,232
Non-current interest-bearing lease liabilities	17	136	164
Other non-current liabilities	19	369	462
Deferred tax liabilities	14	52	122
Provisions	18	970	775
Total non-current liabilities	24	4,983	3,755
Current liabilities			
Current interest-bearing liabilities	17	3,442	1,989
Current interest-bearing lease liabilities	17	90	88
Accounts payable		652	680
Tax liabilities		407	272
Accrued expenses and deferred income	20	1,248	1,335
Other current liabilities	19	5,858	7,269
Liabilities attributable to assets held for sale	28	915	
Total current liabilities	24	12,612	11,633
Total liabilities		17,595	15,389
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		25,579	23,711

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Consolidated Statement of Changes in Shareholders' Equity

	Shareholders' equity attributable to Bonava AB's shareholders					Non-controlling interest	Total shareholders' equity
	Share capital	Other capital contributions	Translation reserve	Profit brought forward	Total		
Opening shareholders' equity, 1 January 2021	434	4,569	-80	2,996	7,918	4	7,923
Profit for the year				808	808		808
Other comprehensive income			150		150		150
Total comprehensive income	0	0	150	808	958	0	958
Dividend				-563	-563		-563
Performance-based incentive programme				4	4		4
Total transactions with shareholders	0	0	0	-559	-559	0	-559
Closing shareholders' equity, 31 December 2021	434	4,569	70	3,245	8,318	5	8,322
Profit/Loss for the year				-303	-303		-303
Other comprehensive income			344		344		344
Total comprehensive income	0	0	344	-303	41		41
Dividend				-375	-375		-375
Performance-based incentive programme				-4	-4		-4
Total transactions with shareholders	0	0	0	-379	-379	0	-379
Closing shareholders' equity, 31 December 2022	434	4,569	413	2,563	7,979	5	7,984

Change in shareholders' equity

The change in shareholders' equity consists of profit for the year and other comprehensive income for the year, dividends, repurchases of treasury shares and effects of the long-term performance-based incentive programme.

Other capital contributions

Shareholders' equity paid up by shareholders.

Reserves

Reserves pertain to translation reserves that include all exchange rate differences from 1 January 2013 and onwards arising from the translation of the financial statements of foreign operations prepared in a currency other than that used in Bonava's financial statements, i.e. SEK.

Profit brought forward including comprehensive income for the year

This item includes accrued earnings in Bonava and transactions with shareholders such as dividends, repurchases of treasury shares and performance-based incentive programmes.

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Consolidated Cash Flow Statement

The cash flow statement includes St. Petersburg.

	Note	2022	2021
OPERATING ACTIVITIES			
Profit before tax		-92	1,020
Adjustments for items not included in cash flow:			
– Depreciation/amortisation	5	176	223
– Impairment losses	28	877	
– Exchange rate effects		-510	-174
– Changes in provisions		193	82
– Other incl. items affecting comparability		31	106
Total items not included in cash flow		768	236
Tax paid		-149	-265
Cash flow from operating activities before change in working capital		527	991
Cash flow from change in working capital			
Sales of housing projects	15	13,312	12,910
Investments in housing projects	15	-16,037	-13,270
Other changes in working capital	23	-1,045	88
Cash flow from change in working capital		-3,769	-272
Cash flow from operating activities		-3,242	719

	Note	2022	2021
INVESTMENT ACTIVITIES			
Acquisitions of buildings and land		-78	-80
Acquisitions of property, plant and equipment and intangible assets		-29	-20
Sales of property, plant and equipment and intangible assets		3	11
Cash flow from investment activities		-104	-88
Cash flow before financing		-3,346	631
FINANCING ACTIVITIES			
Dividend paid		-375	-563
Increase in interest-bearing financial liabilities		4,762	2,085
Decrease in interest-bearing financial liabilities		-1,991	-2,439
Increase (-)/decrease (+) in current interest-bearing receivables		91	-70
Cash flow from financing activities		2,486	-987
Cash flow for the year		-860	-356
Cash and cash equivalents at 1 January	23	1,066	1,387
Exchange rate difference in cash and cash equivalents		97	35
Cash and cash equivalents at 31 December	23	303	1,066

	Note	2022	2021
CASH FLOW FROM OPERATIONS TO BE DISCONTINUED			
Net cash flow from operating activities	28	-472	-150
Net cash flow from investment activities		9	7
Net cash flow from financing activities		363	11
Net increase in cash and cash equivalents from the subsidiary		-100	-132

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Significant accounting policies

Bonava's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations made by the IFRS Interpretations Committee (IFRIC). The Group additionally applies the Annual Accounts Act (1995:1554), RFR 1 Supplementary Accounting principles for Groups and its associated interpretations, which were published by the Swedish Financial Reporting Board.

The annual accounts and the consolidated accounts were approved for publication by the Board of Directors on 13 March 2023. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting for adoption on 3 April 2023.

New standards applied by Bonava

None of the changes to IFRS that came into effect in 2022 had any material impact on Bonava.

New standards and interpretations that have not yet been applied by Bonava

None of the new or amended IFRS that have not yet come into effect are expected to have any material impact on Bonava.

Koncernredovisning

Acquisition method

Business combinations deriving from parties who are not under joint control are recognised by applying the acquisition method. This method entails that the acquisition of a subsidiary is regarded as a transaction whereby Bonava indirectly acquires the subsidiary's assets and takes over its liabilities. The fair value on the date of acquisition of the acquired identifiable assets and assumed liabilities, as well as any non-controlling interests, is determined in the acquisition analysis.

Acquired and divested companies are included in Bonava's Income Statement, Balance Sheet and Cash Flow Statement during the holding period.

Subsidiaries

Companies in which Bonava has a controlling influence, in practice through a direct or indirect holding carrying more than 50 per cent of the voting rights, are consolidated in their entirety. A controlling influence is defined as influence over the company or association, the right to variable returns from its involvement with the company or association and the ability to exercise its influence over the company or association to affect returns. Bonava has a controlling influence over tenant-owner associations and housing companies which are consolidated in full.

Joint arrangements

Joint arrangements are defined as projects conducted in Bonava in forms similar to those of a consortium, meaning subject to joint control. This could take the form of, for example, jointly owned companies that are governed jointly. In Bonava's financial statements, joint arrangements are recognised in accordance with the proportional method. Refer to Note 12.

Non-controlling interest

In companies that are not wholly owned subsidiaries, non-controlling interest is recognised as the share of the subsidiaries' equity held by external shareholders. This item is recognised as part of Bonava's shareholders' equity. The share attributable to non-controlling interests is recognised in profit or loss. Information about the share of profit attributable to non-controlling interest is disclosed in conjunction with the income statement. The effects of transactions with non-controlling interests are recognised in shareholders' equity if they do not result in any changes in controlling influence.

Foreign subsidiaries and joint arrangements

Foreign subsidiaries and joint arrangements are recognised using the functional currency and are translated to the reporting currency. For Bonava, the functional currency is defined as the local currency used in the reporting entity's accounts. The reporting currency is defined as the currency in which the Consolidated Financial Statements are reported, in Bonava's case Swedish kronor (SEK).

Elimination of Intra-Group transactions

Receivables, liabilities, revenue and expenses, as well as unrealised gains and losses that arise when an entity within Bonava sells a good or service to another Group Company, are eliminated in their entirety. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no need for impairment. The same applies to joint arrangements, to the extent this corresponds to Bonava's participating interest.

Revenue

Bonava's net sales primarily comprise three revenue streams: sales of housing units to consumers, sales of housing projects to investors and – to a lesser extent – sales of land. For all revenue flows, estimated losses are charged in their entirety to profit or loss for the period. IFRS 15 Revenue from Contracts with Customers describes a five-step model that deals with the entire revenue chain. For Bonava, the model is as follows:

1. Identify the contract with customer

Depending on the revenue stream, Bonava identifies a customer contract with, for example, a private individual or an investor.
2. Identify the performance obligations in the contract

For Bonava, the customer contract generates an asset (a right, that is a promise to receive compensation) and a liability (an obligation, that is a promise to transfer goods). Bonava's various obligations to its customers are not distinct and are viewed as one performance obligation in the form of transferring a housing unit to the customer.
3. Determine the transaction price

The transaction price is a fixed price stipulated in the contract. Bonava's customers pay advances at various points in the process and to varying extents depending on the market. Advance payments are conditional on the completion of Bonava's performance obligation and thus do not affect Bonava's assessment that the performance obligation is fulfilled only when the buyer takes possession of the housing unit.
4. Allocate the transaction price to the performance obligation

This step is not applicable as Bonava only has a single performance obligation to its customers: the transfer of a housing unit.
5. Recognise revenue when a performance obligation is satisfied

Bonava recognises revenue in the income statement when the performance obligation to the buyer has been fulfilled by transferring control of the housing unit to the buyer. For Bonava, this means that the performance obligation is fulfilled at a specific point in time for both the consumer and investor business areas, which usually happens when the customer takes possession of the housing unit.

Housing projects for consumers

Bonava's business model for sales of housing units with ownership rights entails that Bonava enters into an agreement to build a housing unit with each respective owner. During the construction of the housing unit, accrued costs are recognised in the "Housing projects" asset class. Revenue is recognised when the housing units are completed and the customer has taken up occupancy of the home.

In Sweden and Finland, Bonava also develops housing projects by entering into a construction contract with a client, either a tenant-owner association in Sweden or a housing company in Finland.

In Sweden, the end customer purchases a right of use in the tenant-owner association corresponding to an individual apartment. In Finland, the customer purchases shares in the housing company corresponding to an individual apartment. Bonava's business model means that control is transferred to the customer who acquires the housing unit when the customer takes possession of the housing unit. Since Bonava exercises control over both the tenant-owner association and

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the housing company during construction up until the sale to the end customer, these entities are consolidated. As a result, there is no contract with any external party until the end customer has signed a contract. Revenue is based on the actual revenue for the housing project sold. Recognised revenue per housing unit is offset by a share of the housing unit’s estimated cost when the project is completed.

Housing projects for investors

Sales of housing projects to investors are recognised at the time when control is transferred to the buyer. Depending on the wording of the contract and local laws and regulations, this may occur on the signing date, continuously during production, or when the buyer takes possession of the housing units. For all projects during 2021 and 2022, Bonava’s assessment is that control was transferred when the buyer took control of the housing units.

Sales of land

Sales of land are recognised on the date when control is transferred to the buyer, which normally coincides with the buyer taking possession of the land. Divestments of land that has not undergone project development are normally recognised in profit or loss on the date the customer takes possession of the land.

Depreciation/amortisation

Straight-line depreciation/amortisation according to plan is applied in accordance with the estimated useful life, with due consideration for any residual values at the end of the period, or after a confirmed decline in net asset value in those cases when the asset does not have an indefinite life. Goodwill that has an indefinite life is not amortised but is instead subject to systematic impairment testing. Bonava applies component depreciation/amortisation, whereby each asset with a considerable value is divided into a number of components that are depreciated/amortised on the basis of their particular useful life.

The period of depreciation/amortisation varies in accordance with the table below:

Software	1–5 years
Other intangible assets	3–10 years
Real estate used in business operations	8–25 years
Machinery and equipment	3–20 years

Impairment losses

When there is an indication of an impairment requirement, Bonava tests the carrying amount of fixed assets. An impairment requirement arises when the recoverable amount is less than the carrying amount.

The term impairment is also used in connection with a reduced valuation of housing projects. Valuations of these projects are based on the “lower of cost or market” method, meaning the lower of cost and net realisable value.

Leases

All contracts are recognised as leases in the consolidated accounts in the event that Bonava essentially has the rights to all economic benefits arising through use of the leased asset and if Bonava has the right to control the use of the leased asset. Leases are recognised in the balance sheet.

The right to use a leased asset is recognised either as property, plant and equipment (buildings – premises in which Bonava conducts its operations, machinery and equipment – primarily cars and office equipment) or a current asset (ongoing housing projects) depending on how the leased asset would be classified if it were owned instead. Leases for land (ongoing housing projects) are recognised only when there is a confirmed zoning plan or the building permit can no longer be appealed. Before that point, Bonava has neither control of the land nor the rights and obligations associated with the land.

The obligation to make lease payments is recognised as a long- or short-term financial liability depending on the length of the lease. Lease expenses are recognised as depreciation and interest expenses in the income statement.

Variable costs such as property tax and maintenance costs, including electricity, heating and water, have been excluded from the calculation of lease liabilities to the extent they can be separated from rental costs. There are no substantial variable lease payments that depend on an index or rate.

With respect to land leases, Bonava applies the rate implicit in the lease. For the remaining leases, the incremental borrowing rate is applied; this is established by taking the geographical market and term of the lease into account.

The term of the leases is in turn established through the start and end dates in the leases. Bonava has essentially chosen not to consider the possibility of extending lease contracts. This is not financially beneficial because the assets are not business-critical or specialised, and other suitable alternatives are deemed to be available. In addition, the costs associated with not extending the leases (e.g. costs for negotiation and relocation or costs for identifying another appropriate asset) were deemed to be immaterial.

Bonava does not have any finance leases in the capacity of lessor, nor has it applied exceptions for assets of a low value or short-term leases.

Government assistance

Bonava recognises government assistance in accordance with IAS 20. In 2020, Bonava received limited government assistance, which was recognised as a liability as the conditions attached with the grants had not yet been fulfilled. Following a decision, the amount was repaid in 2022. No government assistance was received in 2021 or 2022.

Items affecting comparability

This heading includes events and transactions such as substantial legal disputes, major impairment losses, restructuring and other substantial non-recurring costs or revenue, the profit effect of which is important to note when the profit/loss for the period is compared with earlier periods. Tax on items affecting comparability and tax items that are themselves classified as items affecting comparability are recognised under tax in the consolidated income statement. Items recognised as affecting comparability in one period are recognised consistently in future periods by any potential reversal of these items also being recognised as items affecting comparability. Refer also to Note 25.

Taxes

Income taxes comprise current tax and deferred tax. Tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or in shareholders’ equity, in which case the associated tax is recognised in other comprehensive income or in shareholders’ equity. Current tax is tax that is to be paid or received in the current year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is recognised on the basis of temporary differences between recognised and taxable values of assets and liabilities. For information on tax on profit for the year and deferred tax assets and liabilities, refer to Note 14.

Deferred tax assets and liabilities are calculated on the basis of the tax rate determined for the following year in each particular country. When changes occur in tax rates, the change is recognised in profit/loss for the year.

Reporting of operating segments

An operating segment is a part of Bonava that conducts business operations from which it generates revenue and incurs costs and for which independent financial information is available. Furthermore, the earnings of an operating segment are continuously monitored by the chief operating decision-maker (in Bonava’s case this is the CEO) in order to evaluate results and allocate resources to the operating segment. The reporting of operating segments concurs with the reports presented to the CEO, in Bonava’s case on the basis of the

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countries in which Bonava conducts operations. For more information, refer to Note 2.

Intangible assets

Intangible assets are recognised at cost less accumulated amortisation and impairment losses. Goodwill has arisen from acquisitions of companies and operations. Goodwill is not amortised but is impairment tested on an annual basis instead. Refer also to Note 9.

Property, plant and equipment

Investment properties

Investment properties are properties held for the purpose of generating rental income, capital appreciation, or a combination of both rather than for use in the company's own operations for production and supply of goods and services or for administrative purposes and sales in operating activities. Bonava has chosen to recognise its properties at fair value and, as a basic principle, has chosen to allow an independent valuation institute to value all its investment properties that were not acquired close to the balance sheet date, whereby instead the acquisition price is considered to correspond to the fair value, or properties that are covered under sales agreements, which are measured at the contractual value. However, at 31 December 2022, fair value was deemed to correspond to the cost as the properties were under development, which is why no unrealised change in value was recognised. The valuation is conducted according to level 3 in the fair value hierarchy in IFRS 13, unobservable inputs. If the Group begins investment in an existing investment property for continued use as an investment property, it is also recognised as an investment property going forward. Refer also to Note 10.

Real estate used in business operations

Real estate used in business operations is held for use in the company's operations for purposes such as production, provision of services or administration. These properties are recognised at cost less accumulated depreciation and any impairment losses. Refer also to Note 11.

Machinery and equipment

Machinery and equipment is recognised at cost less accumulated depreciation and any impairment losses. Refer also to Note 11.

Financial fixed assets

Financial fixed assets are recognised at fair value or amortised cost. Impairment losses are posted if the fair value is less than the cost. Refer also to "Financial instruments" below.

Current assets

Housing projects

Bonava's property holdings designated as housing projects are recognised as current assets, since the intent is to sell the properties and transfer them to the customer after completion. Property holdings are measured at the lower of cost and net realisable value.

Housing projects in Bonava are divided among:

- Properties held for future development
- Ongoing housing projects
- Completed housing units

For a distribution of amounts, refer to Note 15. Properties held for future development are reclassified as ongoing projects when construction on a project has started.

Properties held for future development

Properties held for future development refer to Bonava's holdings of land and building rights for future housing development and capitalised project development costs.

The valuation of properties held for future development takes into consideration whether the properties will be developed or sold. The valuation of land and building rights for future development is based on a capital investment appraisal. This appraisal is updated annually with regard to the established sales price and cost trend as well as when market trends or other circumstances so require. In the event that a positive contribution margin from the development cannot be obtained with regard to normal contract profit, an impairment loss is recognised. Development expenses related to land over which Bonava has control is capitalised.

Ongoing housing projects

In connection with the production start, the value of land and capitalised development expenses is reclassified to ongoing projects, together with costs incurred after the production start.

Completed housing units

Project costs for completed housing units are reclassified from ongoing housing projects to completed housing units at the date of final inspection. Completed housing units are measured at the lower of cost and net realisable value.

Financial instruments

Purchases and sales of financial instruments are recognised on the transaction date, meaning the date on which the company undertakes to purchase or sell the asset. Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, non-current receivables, accounts receivable, other non-current

shareholdings and derivatives. Accounts payable, current and non-current borrowings, and derivatives are recognised under liabilities. Refer also to Note 24. Financial guarantees such as sureties are also included in financial instruments. Refer also to Note 22.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the instrument's contractual terms and conditions. Accounts receivable are recognised in the balance sheet when invoices have been sent. Accounts payable are recognised when invoices have been received.

A financial asset is derecognised from the balance sheet when the contractual rights have been realised or extinguished. The same applies to portions of financial assets. A financial liability is derecognised from the balance sheet when the contractual obligation has been fulfilled or otherwise terminated. This also applies to portions of financial liabilities.

Classification and measurement

The classification of an instrument is dependent on Bonava's classification of the asset in its business models and the characteristics of the instrument. At initial recognition, a financial instrument is classified on the basis of the purpose for which the instrument was acquired. This classification determines how the financial instrument is measured following the initial recognition, as described below.

Classification and measurement of financial assets

Bonava classifies its financial assets as follows:

Financial assets measured at fair value in profit or loss

This category includes Bonava's derivative instruments with a positive fair value. Changes in fair value are recognised in net financial items. Moreover, Bonava's other non-current shareholdings are measured at fair value through profit or loss.

Financial assets measured at amortised cost

Bonava has accounts receivable, non-current receivables and other receivables resulting from the collection of contractual cash flows measured at amortised cost (i.e. the amount at which they are expected to be received less doubtful receivables). Since the expected maturity of accounts receivable is short, a nominal value without discounting is recognised. Non-current receivables and other receivables are recognised at the amount in which they are expected to be received. Cash and cash equivalents are also recognised at amortised cost. Bonava has not identified any financial assets measured at fair value through other comprehensive income.

Impairment of financial assets

The Group recognises a credit loss allowance for expected credit losses on financial assets measured at amortised cost. Bonava applies the simplified approach for the recognition of the allowance for

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expected credit losses for accounts receivable. The simplified approach means that Bonava measures the credit loss allowance for accounts receivable at an amount corresponding to the expected credit losses for the remaining term. The expected credit losses for accounts receivable are calculated using a provision matrix, which is based on past events, current conditions and forecasts of future economic conditions. For cash and cash equivalents, the allowance is based on the banks' probability of default.

The Group only enters into banking transactions with counterparties with a long-term credit rating of at least A– since these are deemed to have a low credit risk when testing for impairment. Information about credit ratings is provided by Standard & Poor's or an equivalent independent rating agency.

The Group defines default as meaning it is deemed unlikely that the counterparty will meet its obligations due to indications such as financial difficulties and missed payments. A default is always deemed to exist if a payment is more than 180 days past due.

Classification and measurement of financial liabilities

Bonava classifies its financial liabilities as follows:

Financial liabilities measured at fair value through profit or loss

This category includes Bonava's derivative instruments with a negative fair value. Changes in fair value are recognised in net financial items.

Other financial liabilities

Financial liabilities recognised at amortised cost are initially measured at fair value including transaction costs. After initial recognition, the liabilities are measured at amortised cost according to the effective rate method. This group includes non-current interest-bearing liabilities, other non-current liabilities, current interest-bearing liabilities, accounts payable and other current liabilities.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are revalued at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising from the translation of operational receivables and liabilities are recognised in operating profit, while exchange rate differences arising from the translation of financial assets and liabilities are recognised in net financial items.

Remuneration to employees

Share-based remuneration

The Group's share-based remuneration programme consists of share rights and, as of 2020, synthetic shares. The fair value of allocated share rights at the time of allocation is recognised as a personnel cost with a corresponding increase in shareholders' equity. The fair value

of allocated synthetic shares is recognised as a personnel cost with a corresponding increase in liabilities.

At each reporting date, Bonava AB judges the likelihood of performance targets being achieved. Expenses are measured based on the number of share rights and synthetic shares expected to be settled at the end of the vesting period.

When share rights and synthetic shares are to be settled, social security contributions are paid for the value of the employee benefits. These vary between the national markets where Bonava operates. In the period when services are rendered, provisions are made for these estimated social security contributions based on the fair value of the share rights and synthetic shares at the reporting date.

To fulfil Bonava AB's commitments pursuant to the long-term incentive programme, Bonava AB has repurchased Class B shares. These shares are recognised in treasury as a reduction in shareholders' equity. For a description of the Bonava Group's share-based payment programme, refer to Note 4.

Post-employment remuneration

Bonava differentiates between defined contribution and defined benefit pension plans. Defined contribution plans are defined as pension plans for which the company pays fixed fees to a separate legal entity and does not assume any obligations for payments of additional fees, even if the legal entity lacks sufficient assets to pay benefits accrued for employment up to and including the balance sheet date. Other pension plans are referred to as defined benefit plans. Bonava primarily has defined contribution plans.

Bonava's payments for defined contribution pension plans are recognised as a cost in the period when the employees perform the service the contribution relates to.

For salaried employees in Sweden, the ITP 2 plan's defined-benefit pension obligations for retirement and family pensions are secured through insurance in Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of ITP2 Pension Plan financed through insurance in Alecta, this constitutes a multi-employer defined benefit plan.

For the 2022 financial year, the company did not have access to the information required for reporting its proportional share of the plan's commitment, plan assets and expenses, which made it impossible to report the plan as a defined-benefit plan. The ITP 2 Pension Plan that is secured through insurance in Alecta is therefore recognised as a defined contribution plan. The premium for the defined-benefit retirement and family pension is calculated on an individual basis and depends on factors such as salary, previously vested pension and anticipated remaining term of employment. Anticipated fees during the next accounting period for ITP 2 insurance taken out with Alecta amount to SEK 4 M.

The collective solvency rate consists of the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accor-

dance with Alecta's actuarial accounting methods and assumptions, which do not comply with IAS 19. The collective solvency rate is normally allowed to vary between 125 and 155 per cent. If Alecta's collective solvency rate falls below 125 per cent or exceeds 155 per cent, measures must be taken to create conditions for returning the solvency rate to the normal interval. In the event of low solvency, one measure could be raising the agreed price for new subscriptions and increasing existing benefits. In the event of high solvency, one measure could be introducing premium reductions. At the end of 2022, Alecta's preliminary surplus in the form of its collective solvency rate was 172 per cent (172).

Remuneration on termination of employment

In conjunction with notice of employment termination, a provision is recognised only if the company is contractually obliged to terminate employment before the normal time, or when payments are made as an offering to encourage voluntary termination. For cases in which the company implements personnel cutbacks, a detailed plan is prepared that covers the workplace concerned, positions, and the approximate number of employees affected and disbursements for every personnel category or position, and the schedule for the plan's implementation, in the least. If severance payment requirements arising from personnel cutbacks extend beyond 12 months after financial year-end, such payments are discounted.

Provisions

Provisions differ from other liabilities in that there is a degree of uncertainty concerning when payment will occur or the size of the amount required to settle the provision. Provisions are recognised in the balance sheet when a legal or informal commitment exists due to an event that has occurred, and it is probable that an outflow of economic resources will be required to settle the commitment and the amount can be estimated reliably.

Guarantee commitments

Provisions for future expenditure arising due to guarantee commitments are recognised at the estimated amounts required to settle the commitment on the balance sheet date.

Borrowing costs

Borrowing costs attributable to qualifying assets are capitalised as a portion of the capitalised asset's cost when the borrowing costs are significant. A qualifying asset is one for which a substantial period of time is necessary to prepare the asset for its intended use (in Bonava's case, more than one year). Other borrowing costs are carried as expenses in the period in which they are incurred. SEK 0 (0) M was capitalised in the year. Transaction costs for loans raised are assigned to periods over the term of the loan according to the effective rate method.

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Pledged assets

Bonava recognises collateral provided by the company or the Group as pledged assets for liabilities and/or obligations. These may be liabilities, provisions included in the balance sheet or obligations not recognised in the balance sheet. The collateral may be tied to assets in the balance sheet or mortgages and is limited to the legal entity providing the collateral. Assets are recognised at their carrying amount and property mortgages at their nominal value, regardless of whether the associated liability is lower. For type of collateral, refer to Note 22.

Deposit guarantees constitute collateral for investments and concession fees paid to tenant-owner associations formed by Bonava. Such guarantees are to be relinquished as soon as one year has passed after the final acquisition cost for the tenant-owner association has been established.

Operations to be discontinued

In conjunction with Bonava's announcement of its intention to divest its operations in St. Petersburg, the criteria were fulfilled for application of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Discontinued operations consist of material operations being disposed of or that constitute disposal groups held for sale. Profit after tax from operations to be discontinued is recognised on a separate line in the income statement.

The implication of classifying a group of assets and liabilities as held for sale is that their carrying amounts will be recovered principally through sale rather than through use. All assets included in the group are presented on a separate line among assets and all the group's liabilities are presented on a separate line among liabilities. The group is measured at the lower of carrying amount and fair value less deductions for selling costs. In the consolidated income statement, St. Petersburg is recognized separately on the line "Operations to be discontinued" and previous periods have been restated according to the same principles. In the balance sheet, the operation's net assets are recognised on the lines "Assets held for sale" and "Liabilities attributable to assets held for sale". In accordance with IFRS, balance sheets for previous years have not been restated.

Critical estimates and assessments

The consolidated financial statements include certain assessments and assumptions about the future. These are based in part on historical information and in part on expectations concerning future events and thus may, at a later date, be changed because of, for example, changes in factors in the business environment. This must particularly be taken into account given the current circumstances and the uncertainty caused by the geopolitical situation. The assessments that are most critical to Bonava are described below.

Revenue

Bonava's assessment is that the consumer business has a controlling influence over tenant-owner associations and housing companies, which are therefore consolidated in full. This means that there are no contracts with external parties before the end customer has signed a contract.

Bonava's business model and the agreement structure of housing projects thus mean that control is transferred to the buyer at the time of delivery of the housing unit or project. Bonava satisfies the undertaking to transfer the housing unit or project upon delivery and recognises revenue and profit from sales of housing projects in full at this point. No revenue is recognised on the basis of forecast sales of housing projects. This applies to both housing units for consumers and investors.

Depending on the wording of the contract and local laws and regulations, control of residential properties may be transferred to investors on the signing date, continuously during production, or when the housing units are delivered to the buyer. Bonava's assessment is that control is transferred upon taking occupancy of the property, and revenue during 2021 and 2022 is recognised at that date.

Valuation of housing projects

Bonava's housing projects are recognised at the lower of cost and net realisable value. The assessment of net realisable value is based on a series of assumptions such as sales prices, production costs, the price of land, rent levels and yield requirements as well as the possible timing of production start and/or sale. Bonava continuously monitors market conditions and tests the assumptions made on an ongoing basis. In some cases, the difference between the carrying amount and the estimated net realisable value is minor. A change in the assumptions made could give rise to impairment requirements.

Uncertainty regarding market conditions and the impact on customers' purchasing power are indicators that a decline in value has occurred. Demand for our housing units has become more cautious. Raised interest rates, higher energy prices, high inflation and increased uncertainty affected demand, primarily, but also the price trend.

No need for impairment has been identified as a result of market conditions. On the other hand, the strategic review that was conducted during 2022 resulted in impairment losses.

Leases

Bonava assesses the possibility of extending its leases when they are signed, if conditions have materially changed and when less than one year remains in the lease term. Bonava's current assessment is that it is essentially not financially beneficial to extend the leases, since the assets are not business-critical for Bonava or specialised, and other suitable alternatives are deemed to be unavailable. In addition, the costs associated with not extending the leases (e.g. costs for negotiation and relocation or costs for identifying another appropriate asset) were deemed to be immaterial.

With respect to land leases, Bonava applies the rate implicit in the lease. For the remaining leases, Bonava is of the opinion that the discount rate can be established by using an incremental borrowing rate adjusted for geographical market and the term of the lease.

Guarantee commitments

At year-end, guarantee provisions amounted to SEK 557 M (497); refer to Note 18. Provisions for future expenditure arising due to guarantee commitments are recognised at the estimated amounts required to settle the commitment on the balance sheet date. This estimate is based on historical outcomes. The scope of the provisions is based on such factors as the number of housing units per project and is adjusted as needed in accordance with prevailing conditions. The assessments by company management can also have an impact on individual cases based on experience from previous transactions, or in conjunction with other specific events that could impact the estimated amount required to settle Bonava's commitments.

Surety and guarantee obligations, legal disputes, etc.

Within the framework of Bonava's regular business operations, Bonava occasionally becomes a party in legal disputes. In such cases, an assessment is made of Bonava's obligations and the probability of a negative outcome for the company. Bonava's assessment is based on the information and knowledge currently possessed by the company. In a number of cases, these assessments are difficult and the final outcome could differ from the assessment. Refer also to Note 18.

Sensitivity and risk analysis

For a sensitivity analysis of Bonava's interest rate risk and exchange rate risk, refer to Note 24.

Business environment factors

During the next 12-month period, there are a number of uncertainties, such as rising key interest rates, high inflation, energy prices and concern about the geopolitical situation in Europe, that could affect our operations and sales. We also experienced cost increases for input goods and material shortages that could potentially delay projects. However, late in the year we saw signs that material costs are levelling off and anticipate a reduction going forward. In January 2023, a decision was made to impair the net assets of the operation in St. Petersburg. The impairment totalled SEK 877 M and was calculated using the exchange rates current at the end of December. After the impairment of net assets, the exposure to Russia is deemed to be limited. Please refer to Note 28 for further information.

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Bonava's operations are divided into five operating segments based on the parts of the organisation monitored by the CEO, the chief operating decision-maker. Each operating segment has a manager who is responsible for the daily operations and regularly reports the results of the operating segment's performance to the CEO. On the basis of this internal reporting, Bonava has identified the following segments: Germany, Sweden, Finland, Norway and the Baltics (Estonia, Latvia and Lithuania). All segments develop and sell housing units. Sales between the segments are not material. The table below shows continuing operations. For information about St. Petersburg see Note 28.

2022	Germany	Sweden	Norway	Finland	Baltics	Other operations ¹⁾	Total
Net sales, consumers	5,626	1,997	1,480	1,175	831	102	11,210
Net sales, investors	2,159	704	153	565		752	4,334
Net sales, land		39	80	19			138
Other revenue		5	6	1	1	11	24
Selling and administrative expenses (including depreciation/amortisation)	-309	-139	-105	-95	-44	-217	-908
Depreciation/amortisation	-84	-8	-8	-19	-8	-42	-169
Operating profit/loss before items affecting comparability	904	-54	64	88	108	-160	950
Items affecting comparability	-32	-20				-4	-56
Operating profit/loss after items affecting comparability	872	-74	64	88	108	-164	894
Net financial items							-198
Profit before tax							695
Fixed assets	264	307	25	62	116	196	971
Capital employed	7,074	3,825	2,398	974	1,085	-247	15,109

¹⁾ Other operations consist of the Parent Company, Group adjustments, eliminations and the Danish operations.

Net sales by country	Germany	Sweden	Finland	Denmark	Norway	Latvia	Estonia	Lithuania
2022	7,785	2,745	1,759	859	1,719	376	336	119
2021	7,276	3,327	1,842	757	787	387	371	

No customer accounts for net sales corresponding to over 5 per cent of the Group's net sales.

2021	Germany	Sweden	Norway	Finland	Baltics	Other operations ¹⁾	Total
Net sales, consumers	6,331	2,149	535	1,173	610	197	10,995
Net sales, investors	876	965	212	544	147	550	3,293
Net sales, land	68	212	36	124		1	442
Other revenue		1	4	1		8	16
Selling and administrative expenses (including depreciation/amortisation)	-296	-129	-86	-77	-32	-225	-844
Depreciation/amortisation	-100	-8	-12	-19	-5	-74	-218
Operating profit/loss before items affecting comparability	914	292	-67	56	82	-196	1,081
Items affecting comparability		-44	-50	-36		51	-80
Operating profit/loss after items affecting comparability	914	247	-116	20	82	-145	1,002
Net financial items							-142
Profit before tax							860
Fixed assets	252	140	64	86	18	317	877
Capital employed	4,393	3,135	2,235	837	738	632	11,970

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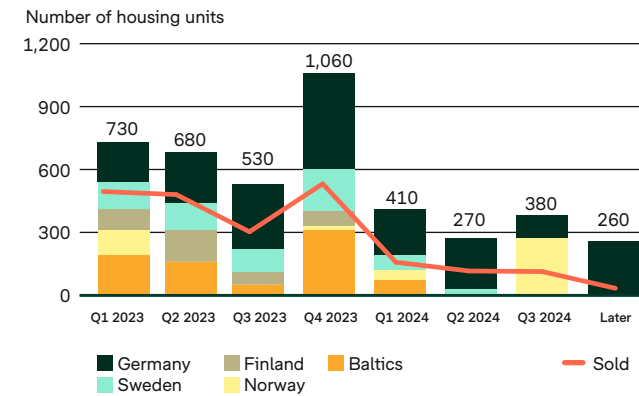
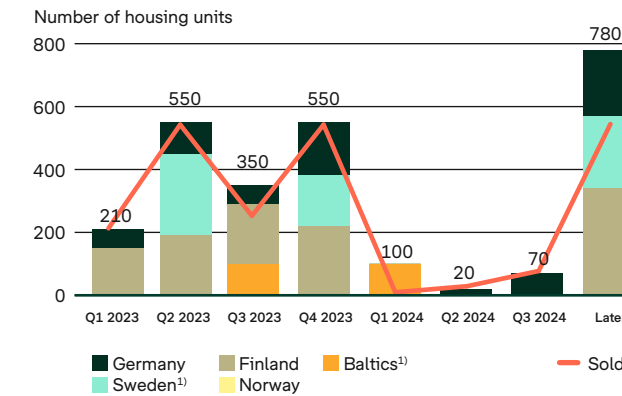
Estimated completions per quarter

The diagrams illustrate the estimated completion dates for housing units for consumers and investors. Changes such as the date for receiving building permits, disruptions in the logistics and production chain or other factors could positively or negatively impact the estimated time of completion. This risk of changes to the estimated time of completion has increased as a consequence of the uncertainty prevailing in the market.

The number of housing units have been rounded off since they are estimates of the point in time of completion. The curves illustrate the percentage of units sold at 31 December 2022.

The value of housing units in production and completed housing units sold but not yet recognised in profit at 31 December 2022 was SEK 9,235 M (14,548) for consumers and SEK 5,746 M (6,721) for investors.

Customer advances	2022	2021
Carrying amount on 1 January	6,597	6,227
Less liabilities attributable to assets held for sale	-357	
Advances paid in	8,722	10,649
Advances recognised in profit	-10,273	-10,441
Other changes in customer advances	6	-4
Translation differences for the year	408	165
Carrying amount on 31 December	5,103	6,597

Estimated completion dates for housing units for consumers**Estimated completion dates for housing units for investors**

¹⁾ Sweden pertains partly to B2M and Baltic region pertains to B2M.

4 Number of employees, personnel costs and remuneration of senior executives

Average number of employees	2022		2021	
	No. of employees	Of which, men	No. of employees	Of which, men
Sweden	302	157	311	136
Germany	931	632	911	620
Finland	232	135	231	133
Denmark	34	11	56	43
Norway	77	47	82	51
Estonia	90	56	73	47
Latvia	169	111	144	96
Lithuania	29	16	14	6
Total	1,864	1,165	1,822	1,132

Distribution of management by gender percentage woman, %	2022	2021
Board of Directors	43	50
Senior executives	44	30

Senior executives are defined as the individuals who, together with the CEO, constitute the Executive Management Group.

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Terms and remuneration for senior executives

The Chairman of the Board and the other directors elected by the Annual General Meeting receive remuneration only at an amount resolved by the Annual General Meeting. No pensions are paid to the Board of Directors.

Remuneration of the CEO is proposed by the Chairman of the Board and decided by the Board of Directors. Remuneration to other members of Bonava's senior management is proposed by the CEO and approved by the Chairman of the Board.

Remuneration to the CEO and other senior executives consists of a fixed salary, variable remuneration, share-based remuneration, other benefits and pensions. At the end of 2022, the number of senior executives was nine. Of these, six were employed by the Parent Company and three by subsidiaries. During January 2022, the position of SVP Human Resources was temporarily filled by an internal replacement. A permanent employee will assume the position of SVP Brand and Culture on 1 February 2022.

Variable remuneration

For CEO Peter Wallin, variable remuneration was capped at 60 per cent of fixed salary for 2022. The variable remuneration was based on financial targets established by the Board of Directors. Remuneration for the 2022 financial year amounted to SEK 2.1 M (2.7). For other members of the Executive Management Group, variable remuneration is capped at 50 per cent of fixed remuneration.

Pension terms for the CEO

CEO Peter Wallin has a defined-contribution pension plan with a premium amounting to 30 per cent of fixed salary. Peter Wallin's retirement age is 65.

Pension terms for other senior executives

Other senior executives employed in Sweden have a defined-contribution ITP plan with a retirement age of 65.

For other senior executives employed outside Sweden, defined-contribution supplementary pension terms apply at a rate of up to 30 per cent of pensionable salary depending on the country of employment.

Salaries and other remuneration allocated between the Board and senior executives, and other employees

	2022			2021		
	Board of Directors and senior executives	Other employees	Total	Board of Directors and senior executives	Other employees	Total
Salaries and other remuneration	47	1,392	1,439	45	1,263	1,308
Social security expenses			355			334
of which, pension costs			103			103

Remuneration, provisions and other benefits in 2022

SEK 000	Total salary, remuneration and benefits ^{1) 2)}	of which, benefits	of which, variable remuneration ³⁾	of which, provisions for share-based remuneration ⁴⁾	Pension cost
CEO Peter Wallin	10,714	9	2,105		2,204
Chairman of the Board Mats Jönsson	851				
Director Viveca Ax:son Johnson	318				
Director Åsa Hedenberg	393				
Director Angela Langemar Olsson	494				
Director Per-Ingemar Persson	393				
Director Frank Roseen	77				
Director Andreas Segal	300				
Director Nils Styf	266				
Other senior executives, Group (eight individuals)	33,063	470	4,852	162	5,542
Total senior executives	46,869	479	6,957	162	7,746

¹⁾ Remuneration and benefits pertain to holiday pay, reduced working hours, company vehicles and/or other benefits and, when appropriate, severance pay.

²⁾ Board fees have been allocated from the date of the 2022 Annual General Meeting and onwards. At the 2022 Annual General Meeting, Frank Roseen resigned and Andreas Segal and Nils Styf were elected. Audit Committee fees were paid to Angela Langemar Olsson (Chairman), Åsa Hedenberg and Per-Ingemar Persson and Remuneration Committee fees were paid to Mats Jönsson (Chairman), Angela Langemar Olsson and Nils Styf.

³⁾ Variable remuneration pertains to the amounts expensed for each financial year.

⁴⁾ Due to registration as an insider, the CEO was prevented from participating in LTIP 2022.

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Remuneration, provisions and other benefits in 2021

SEK 000	Total salary, remuneration and benefits ^{1) 2) 4)}	of which, benefits	of which, variable remuneration ³⁾	of which, provisions for share-based remuneration	Pension cost
CEO Peter Wallin	10,074	5	2,654	314	1,980
Former CEO Joachim Hallengren	564	6			170
Chairman of the Board Mats Jönsson	660				
Former Chairman of the Board Mikael Norman	193				
Director Viveca Ax:son Johnson	308				
Director Åsa Hedenberg	383				
Director Samir Kamal	75				
Director Angela Langemar Olsson	458				
Director Per-Ingemar Persson	289				
Director Frank Roseen	308				
Other senior executives, Group (nine individuals) ⁴⁾	31,962	461	5,023	1,653	5,014
Total senior executives	45,107	471	7,511	1,967	7,164

¹⁾ Remuneration and benefits pertain to holiday pay, reduced working hours, company vehicles and/or other benefits and, when appropriate, severance pay and invoiced remuneration.

²⁾ Board fees have been allocated from the date of the 2021 Annual General Meeting and onwards. At the 2021 Annual General Meeting, Mikael Norman and Samir Kamal resigned and Per-Ingemar Persson was elected. Mats Jönsson replaced Mikael Norman as the Chairman of the Board. Audit Committee fees were paid to Angela Langemar Olsson (Chairman), Åsa Hedenberg and Per-Ingemar Persson.

³⁾ Variable remuneration pertains to the amounts expensed for each financial year.

⁴⁾ One senior executive invoiced their remuneration during the year.

Severance pay

The period of notice for the CEO is six months. A period of notice of 12 months is in effect in conjunction with termination by the company. Severance pay amounts to 12 months. Other senior executives are subject to between nine and 12 months’ notice from the company, or six months’ notice if the senior executive resigns of his/her own accord. Severance pay for between nine and 12 months is payable if employment is terminated by the company. The severance pay will be reduced by an amount corresponding to any remuneration received from a new employer or own business. During the period of notice, senior executives may not take up a new position with another employer or conduct their own business activities without the company’s written consent. Should the senior executive resign on his/her own accord, severance pay is not payable. When employment ends, the senior executive becomes subject to a prohibition on competition or employees for a period of 12 and nine months respectively.

Long-term incentive programme

Bonava has three outstanding long-term performance-based share programmes for senior executives and key personnel in the Bonava Group (LTIP 2020, LTIP 2021 and LTIP 2022). The purpose of the programmes is to align the interests of the shareholders and Executive Management to ensure maximum long-term value creation and a long-term Group-wide focus on profit performance and to facilitate the recruitment and retention of members of the Executive Management Group and other key executives.

LTIP 2020

LTIP 2020 encompasses 52 senior executives and key personnel in the Bonava Group. LTIP 2020 is a three-year performance-based programme that involves participants receiving no-cost performance-based share rights that confer the right to Class B shares, and syn-

thetic shares. The synthetic shares enable the participants to pay the tax arising from the allocation of shares under LTIP 2020 without being required to immediately divest the shares. Participants in LTIP 2020 are required to invest in independent shareholdings in Bonava AB (known as investment shares) that are allocated to LTIP 2020. The participants are divided into four categories: (1) CEO, (2) CFO and Business Unit Presidents, (3) rest of the Executive Management Group and other key personnel, and (4) key personnel with responsibility for functions. The allocation value per investment share is three share rights and three synthetic shares for category (1), two and a half share rights and two and a half synthetic shares for category (2), two share rights and two synthetic shares for category (3), and one and a half share rights and one and a half synthetic shares for category (4).

Performance-based targets

The share rights and synthetic shares are divided into Series 1, Series 2 and Series 3 and are weighted 40 per cent, 30 per cent and 30 per cent respectively. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2020 are related to Bonava’s average return on capital employed (Series 1), total shareholder return on Bonava’s Class B share (Series 2), and relative total shareholder return on Bonava’s Class B share in relation to a comparison group of approximately 25 companies (Series 3).

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights and synthetic shares amounts to approximately SEK 37 M including social security contributions.

Repurchase of treasury shares

The 2020 Annual General Meeting resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2020 incentive programme. In 2020, the company exercised this right and repurchased 430,294 Class B shares at a total value of SEK 19 M.

LTIP 2021

LTIP 2021 encompasses 45 senior executives and key personnel in the Bonava Group. LTIP 2021 is a three-year performance-based programme that involves participants receiving no-cost share rights that confer the right to Class B shares and synthetic shares. The synthetic shares enable the participants to pay the tax arising from the allocation of shares under LTIP 2021 without being required to immediately divest the shares. Participants in LTIP 2021 are required to invest in

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independent shareholdings in Bonava AB (known as investment shares) that are allocated to LTIP 2021. The participants are divided into four categories: (1) CEO, (2) CFO and Business Unit Presidents, (3) rest of the Executive Management Group and other key personnel, and (4) key personnel with responsibility for functions. The allocation value per investment share is three share rights and three synthetic shares for category (1), two and a half share rights and two and a half synthetic shares for category (2), two share rights and two synthetic shares for category (3), and one and a half share rights and one and a half synthetic shares for category (4).

Performance-based targets

The share rights and synthetic shares are divided into Series 1, Series 2 and Series 3 and are weighted 40 per cent, 30 per cent and 30 per cent respectively. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2021 are related to Bonava's average return on capital employed (Series 1), total shareholder return on Bonava's Class B share (Series 2), and relative total shareholder return on Bonava's Class B share in relation to a comparison group of approximately 25 companies (Series 3).

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights and synthetic shares amounts to approximately SEK 31 M including social security contributions.

Repurchase of treasury shares

The 2021 Annual General Meeting resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2021 incentive programme. The company did not exercise this right during the year.

LTIP 2022

LTIP 2022 is offered to 44 senior executives and key personnel in the Bonava Group. LTIP 2022 is a three-year performance-based programme that involves participants receiving no-cost performance-based and matching-based share rights that confer the right to Class B shares, and synthetic shares. The synthetic shares enable the participants to pay the tax arising from the allocation of shares under LTIP 2022 without being required to immediately divest the shares. Participants in LTIP 2022 are required to invest in independent shareholdings in Bonava AB (known as investment shares) that are allocated to LTIP 2022. The participants are divided into four categories: (1) CEO, (2) CFO and Business Unit Presidents, (3) rest of the Executive Management Group and other key personnel, and (4) key personnel with responsibility for functions. For category (1), each investment share confers entitlement to 2.25

share rights and 2.25 synthetic shares, for category (2), each investment share confers entitlement to 1.8 share rights and 1.8 synthetic shares, for category (3), each investment share confers entitlement to 1.35 share rights and 1.35 synthetic shares, and for category (4), each investment share confers entitlement to 0.9 share rights and 0.9 synthetic shares. The share rights and synthetic shares are divided into performance share rights and matching share rights. One ninth of all share rights and synthetic shares that the participant has been allocated in total is to constitute matching share rights (meaning the number of matching share rights corresponds to one eighth of the number of performance share rights), which are not subject to any goal fulfilment other than retention of the shareholding and continued employment.

Performance-based targets

The share rights and the synthetic shares are divided into Series 1 and Series 2, with a 60/40 per cent weighting. The allocation of Class B shares for the respective series depends on the extent to which the performance goals for the series are met. The goals for LTIP 2022 are related to (Series 1) Bonava's accumulated profit before tax (EBT) (Series 2) total shareholder return (TSR) on Bonava's Class B share.

Scope and cost of the programme

Assuming complete fulfilment of the performance-based targets and maximum participation and maximum investment, the value of the share rights and synthetic shares amounts to approximately SEK 25 M including social security contributions.

Repurchase of treasury shares

The Extraordinary General Meeting held in 2022 resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2022 incentive programme. The company did not exercise this right during the year.

Share rights 2022	Group	Parent Company
Outstanding at the beginning of the period	235,189	74,310
Allocated in the period	74,835	15,275
Forfeited in the period	-93,928	-33,449
Outstanding at end of period	216,096	56,136
Share rights 2021	Group	Parent Company
Outstanding at the beginning of the period	426,239	198,625
Allocated in the period	82,423	35,023
Forfeited in the period	-273,473	-159,338
Outstanding at end of period	235,189	74,310

Synthetic shares 2022	Group	Parent Company
Outstanding at the beginning of the period	134,173	47,188
Allocated in the period	74,835	15,275
Forfeited in the period	-14,599	-6,327
Outstanding at end of period	194,409	56,136
Synthetic shares 2021	Group	Parent Company
Outstanding at the beginning of the period	122,724	59,572
Allocated in the period	75,694	35,023
Forfeited in the period	-64,245	-47,407
Outstanding at end of period	134,173	47,188

Allocation in the 2019 long-term incentive programme

The results for the 2019 incentive programme did not reach the minimum level for the performance measures. No share rights were therefore allocated to the participants in accordance with the conditions of the 2019 incentive programme.

Objective	Weight, %	Share allocation	
		Outcome, %	Allocation, %
ROCE	30	0	0
Absolute TSR	35	0	0
Relative TSR	35	0	0
Total allocation			0

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Fair value and assumptions

	2022		2021	
	Group	Parent Company	Group	Parent Company
LTIP 2020				
Fair value at valuation date, SEK 000 ¹⁾	0	0	2,765	597
Share price, SEK	41.57	41.57	41.57	41.57
Exercise price, SEK	0	0	0	0
Term of the share rights and synthetic shares, years	0.5	0.5	1.5	1.5

	2022		2021	
	Group	Parent Company	Group	Parent Company
LTIP 2021				
Fair value at valuation date, SEK 000 ¹⁾	0	0	1,493	721
Share price, SEK	104.94	104.94	104.94	104.94
Exercise price, SEK	0	0	0	0
Term of the share rights and synthetic shares, years	1.5	1.5	2.5	2.5

	2022	
	Group	Parent Company
LTIP 2022		
Fair value at valuation date, SEK 000 ¹⁾	396	81
Share price, SEK	34.18	34.18
Exercise price, SEK	0	0
Term of the share rights and synthetic shares, years	2.5	2.5

¹⁾ Anticipated dividends have not been taken into consideration in the calculation of the fair value of share rights.

	2022		2021	
	Group	Parent Company	Group	Parent Company
Personnel costs for share-based remuneration and liabilities for synthetic shares				
Share rights and synthetic shares	-6	-2	6	2
Social security expenses	-1	0	1	1
Total personnel cost for share-based remuneration	-7	-2	7	2
Recognised liability for synthetic shares	0	0	2	1

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5 Depreciation/amortisation

	2022	2021
Other intangible assets	26	71
Real estate used in business operations	11	13
Right-of-use assets, buildings	69	45
Machinery and equipment	35	40
Right-of-use assets, machinery and equipment	19	49
Right-of-use assets, ongoing housing projects	9	1
Total depreciation/amortisation	169	218

6 Remuneration and fees to audit firms

	2022	2021
PwC		
Audit assignment	10	8
of which, Parent Company auditors	4	4
Audit-related activities in addition to audit assignment		
Tax advice		
Other fees	1	1
of which, Parent Company auditors	1	1
Total PwC	11	9
Other audit firms		
Audit assignment	0	0
Total remuneration and fees to auditors and audit firms	11	9

Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Auditor's Report and provide audit advice in connection with the audit assignment). Other services relate to general review sustainability report and advice on customisation.

7 Operating expenses distributed by cost type

	2022	2021
Production-related goods and services, and raw materials and consumables	12,761	11,762
Change in inventories	-4	
Personnel costs	1,794	1,684
Depreciation/amortisation	169	218
Impairment losses	37	
Total production costs, and selling and administrative expenses	14,756	13,664

8 Net financial items

	2022	2021
Financial income	8	2
Interest expense on financial liabilities measured at amortised cost	-184	-124
Interest expense on financial liabilities held for trading purposes	9	8
Net exchange-rate changes	-6	
Other financial expenses	-25	-28
Financial expenses	-206	-144
Net financial items	-198	-142

9 Intangible assets

2022	Goodwill	Other ¹⁾
Recognised cost at 1 January	122	475
Less assets held for sale		-4
Investments		3
Divestments		-7
Translation differences for the year		5
Recognised cost at 31 December	122	472
Accumulated amortisation at 1 January		-375
Amortisation according to plan during the year		-26
Translation differences for the year		-5
Accumulated amortisation at 31 December		-406
Accumulated impairment losses at 1 January	-45	-60
Impairment losses for the year		-7
Divestments		7
Accumulated impairment losses at 31 December	-45	-59
Residual value at 1 January	77	40
Residual value at 31 December	77	6

¹⁾ "Other" refers mainly to capitalised development expenses for IT systems.

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2021	Goodwill	Other ¹⁾
Recognised cost at 1 January	67	472
Investments		14
Divestments		-6
Reclassification ²⁾	55	-7
Translation differences for the year		2
Recognised cost at 31 December	122	475
Accumulated amortisation at 1 January		-312
Amortisation according to plan during the year		-71
Divestments		6
Reclassification		2
Translation differences for the year		-1
Accumulated amortisation at 31 December		-375
Accumulated impairment losses at 1 January	-45	-31
Impairment losses for the year		-29
Accumulated impairment losses at 31 December	-45	-60
Residual value at 1 January	22	130
Residual value at 31 December	77	40

¹⁾ "Other" refers mainly to capitalised development expenses for IT systems.

²⁾ This amount has been transferred from another item in the balance sheet.

Amortisation is included in the following lines in the income statement

	2022	2021
Production costs	1	29
Selling and administrative expenses	25	41
Total	26	71

Impairment testing

The need for impairment pertaining to the carrying amount of goodwill and other intangible assets with an indefinite useful life and intangible assets that cannot be used yet is tested annually, and otherwise whenever events indicate that the carrying amount of an asset cannot be recovered. The value in use is measured as the expected future discounted cash flow generated by the asset. The calculations are based on forecasts approved by company management as well as assessments from company management given the best information available. The key assumptions in the calculation are: when the relationship began, units sold and recognised in profit and investments in housing projects in relation to net sales, unchanged gross margin per unit and weighted average capital cost (WACC).

The carrying amount of goodwill was allocated across reportable segments and cash-generating units with material goodwill amounts as follows: Sweden SEK 22 M and Norway SEK 55 M.

Based on calculations made for Sweden and Norway, no need for impairment has been identified.

The table below presents ongoing projects which, once completed, will be transferred to own management.

	2022	2021
Investments	102	
Reclassification	156	
Translation differences for the year	5	
Fair value at end of period	262	

11 Property, plant and equipment

	Real estate used in business operations	Machinery and equipment	Total
2022			
Recognised cost at 1 January	162	415	577
Less assets held for sale	-16	-15	-30
Investments	3	29	32
Divestment and disposal		-5	-5
Translation differences for the year	9	20	29
Recognised cost at 31 December	158	445	603
Accumulated impairment losses and depreciation on 1 January	-78	-280	-358
Less assets held for sale	6	13	19
Divestment and disposal		5	5
Depreciation during the year	-11	-35	-46
Impairment losses for the year	-18	-9	-27
Translation differences for the year	-6	-15	-21
Accumulated impairment losses and depreciation on 31 December	-106	-321	-427
Residual value at 1 January	84	135	218
Residual value at 31 December	52	123	175

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11 Property, plant and equipment, cont.

	Real estate used in business operations	Machinery and equipment	Total
2021			
Recognised cost at 1 January	148	415	563
Investments	3	53	56
Divestment and disposal		-59	-59
Reclassification	7		7
Translation differences for the year	4	6	10
Recognised cost at 31 December	162	415	577
Accumulated impairment losses and depreciation on 1 January	-55	-249	-304
Divestment and disposal		17	17
Depreciation during the year	-13	-40	-53
Impairment losses for the year	-7	-8	-15
Reclassification	-2		-2
Translation differences for the year	-1		-1
Accumulated impairment losses and depreciation on 31 December	-78	-280	-358
Residual value at 1 January	93	166	259
Residual value at 31 December	84	135	218

12 Participations in joint operations

Bonava's financial statements include the following items that constitute interests in the net sales, costs, assets and liabilities of joint operations.

	2022	2021
Revenue	21	58
Expenses	-22	-29
Profit/loss	-1	29
Fixed assets	42	41
Current assets	393	358
Total assets	436	399
Non-current liabilities	217	205
Current liabilities	122	153
Total liabilities	340	358
Net assets	96	41

	Shareholding, %
Specification of joint operations	
Tipton Brown AB	33
NVB Beckomberg KB	33
NCC Kaninen Projekt AB	30
Sora Ursvik KB	50
Ursvik Exploaterings AB	50
KB Öhusen	50
AB Broutsikten	50
Sigtuna Stadsängar Exploaterings AB ¹⁾	53
NVB Sköndalsbyggarna II AB	33
NVB Sköndalsbyggarna II KB	33
K-torp 474 AB	50
BK9 Bolig AS	50
Sandslimarka Utvikling AS	50
Solberg Øst Tomteutvikling AS	50

¹⁾ The company has not been consolidated because of a shareholder agreement stipulating that Bonava does not exercise control over the company.

13 Non-current receivables and other receivables

	2022	2021
Non-current receivables		
Other non-current shareholdings	3	3
Other non-current receivables	74	58
Non-current receivables	78	61
Other receivables classified as current assets		
Receivables from housing projects sold	50	251
Advance payments to suppliers	37	62
Derivative instruments not used for hedge accounting	17	5
Receivables in tenant-owner associations	131	96
Other current receivables	115	588
Other receivables classified as current assets	351	1,003

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	2022	2021	Effective tax	2022		2021	
				Tax, %	Profit/loss	Tax, %	Profit/loss
Tax on profit for the year			Profit before tax		695		860
Current tax cost	-248	-244	Tax according to company's current tax rate	-21	-143	-21	-177
Deferred tax revenue/cost	58	65	Effect of other tax rates for non-Swedish companies	-7	-47	-7	-61
Total recognised tax on profit/loss for the year	-190	-179	Non-tax deductible costs	-6	-42	-4	-36
			Non-taxable revenues ¹⁾	8	54	11	98
			Tax effect of revaluation of tax loss carry-forwards	-1	-3		2
			Tax attributable to prior years		-2		-4
			Other	-1	-7		-2
			Average tax rate/recognised tax	-27	-190	-21	-179

¹⁾ Relates primarily to tax-free sales of shares in subsidiaries.

Current tax has been calculated based on the nominal tax prevailing in the country concerned. When the tax rate for future years has been amended, that rate is used for calculating deferred tax.

Change in deferred tax in temporary differences and tax loss carry-forwards

	2022	2021
Opening carrying amount	104	-22
Less assets held for sale	-9	
Sale/acquisition of subsidiaries		1
Recognised tax on profit/loss for the year	58	65
Recognised tax on profit for the year from operations to be discontinued		9
Reclassification		54
Other	-29	
Translation differences for the year	2	-3
Closing carrying amount	126	104

Deferred tax asset/tax liability	Assets		Liabilities		Net	
	2022	2021	2022	2021	2022	2021
Ongoing housing projects		3	-42		-42	3
Properties held for future development			-16	-87	-16	-87
Untaxed reserves	6	6			6	6
Provisions	94	89			94	89
Tax loss carry-forwards	104	103			104	103
Other	13	7	-34	-17	-21	-10
Deferred tax asset/tax liability	217	208	-91	-104	126	104

Capitalised tax loss carry-forwards are expected to be used within a five-year period. There are non-capitalised tax loss carry-forwards of SEK 41 M in the Group.

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Housing projects

2022	Properties held for future development	Ongoing housing projects	Completed housing units	Total
Recognised cost at 1 January	7,346	12,577	739	20,662
Less assets held for sale	-457	-397	-231	-1,085
Investments ¹⁾	4,717	10,802		15,519
Divestments	-428	-10,722	-1,810	-12,960
Reclassification	-1,323	-933	2,100	-156
Translation differences for the year	457	766	32	1,255
Recognised cost at 31 December	10,313	12,093	830	23,236
Accumulated impairment losses at 1 January	-387	-38	-34	-459
Less assets held for sale	24			24
Divestments		5		5
Reclassification		-5	5	
Impairment losses for the year	-99			-99
Translation differences for the year	-15		-2	-16
Accumulated impairment losses at 31 December	-477	-38	-30	-546
Residual value at 1 January	6,959	12,539	706	20,203
Residual value at 31 December	9,836	12,055	799	22,690

¹⁾ Investments pertain to investments in land held for future development, ongoing housing production and acquisitions of housing units that have been completed but have not yet been delivered or sold.

2021	Properties held for future development	Ongoing housing projects	Completed housing units	Total
Recognised cost at 1 January	7,293	10,804	1,737	19,834
Investments ¹⁾	2,717	10,553		13,270
Divestments	-711	-10,038	-2,161	-12,910
Reclassification	-2,218	983	1,127	-109
Translation differences for the year	266	275	36	577
Recognised cost at 31 December	7,346	12,577	739	20,662
Accumulated impairment losses at 1 January	-294	-38	-31	-364
Impairment losses for the year	-87		-2	-90
Translation differences for the year	-6			-6
Accumulated impairment losses at 31 December	-387	-38	-34	-459
Residual value at 1 January	6,998	10,766	1,706	19,470
Residual value at 31 December	6,959	12,539	706	20,203

¹⁾ Investments pertain to investments in land held for future development, ongoing housing production and acquisitions of housing units that have been completed but have not yet been delivered or sold.

16

Share capital

Changes in share capital	No. of shares	Share capital, SEK 000
Number of shares, 1 January 2022	108,435,822	433,743
Number of shares, 31 December 2022	108,435,822	433,743

The shares are divided between 11,194,982 Class A shares and 97,240,840 Class B shares. Class A shares confer the right to ten votes each and Class B shares confer the right to one vote each. The quotient value per share is SEK 4.

In order to meet its commitments under its long-term incentive programmes, Bonava AB holds 1,245,355 (1,245,355) Class B treasury shares as of 31 December 2022.

On 9 June 2016, NCC AB distributed all of the shares in Bonava AB to the shareholders. NCC AB remains a minority owner of Bonava Deutschland GmbH, but Bonava holds the option to acquire NCC AB's participations that will mature in 2027. On the basis of this option, the German company is being consolidated in its entirety. According to a profit-sharing agreement, NCC AB will waive its dividend and instead receive annual compensation of EUR 1.3 M, which is expensed on a regular basis.

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17 Interest-bearing liabilities

	2022	2021
Non-current liabilities		
Liabilities to credit institutions and investors	3,174	1,917
of which, green bond	1,200	1,200
Lease liabilities	136	158
Liabilities pertaining to Swedish tenant-owner associations and Finnish housing companies	169	64
Other non-current loans	114	103
Total	3,593	2,242
Current liabilities		
Liabilities to credit institutions and investors	1,988	822
Liabilities pertaining to Swedish tenant-owner associations and Finnish housing companies	1,306	1,166
Lease liabilities	90	84
Other current liabilities	148	
Total	3,532	2,072
Total interest-bearing liabilities	7,124	4,314

Calculation of previous year's figures exclude St. Petersburg.
For repayment schedules and terms and conditions, see Note 24.

18 Provisions

	Guarantees	Other	Total
2022			
On 1 January	497	278	775
Less liabilities attributable to assets for sale	-14	-3	-17
Provisions during the year	233	213	447
Amount utilised during the year	-187	-106	-292
Reversed, unutilised provisions	-24	-1	-25
Reclassification	15	23	38
Translation differences for the year	36	9	45
On 31 December	557	413	970
2021			
On 1 January	474	206	680
Provisions during the year	140	127	267
Amount utilised during the year	-124	-57	-181
Reversed, unutilised provisions	-8		-8
Reclassification	4		4
Translation differences for the year	12	2	14
On 31 December	497	278	775

Guarantees

Guarantee provisions pertain to assessed future costs. To estimate a future guarantee cost, individual assessments are made per project. Standard percentage rates are used for the calculation of the size of the future cost, whereby the standard percentage is varied depending on the nature of the project. The guarantee cost is posted individually for each project. The longest term for a guarantee provision is ten years, while a majority have maturities of approximately two to three years.

Other

Other items include risk provisions for projects, contractual commitments for land held for future development and provisions for estimated risks in ongoing disputes. The increase during the year consisted primarily of costs related to risk provisions in Sweden. The increase in the preceding year consisted primarily of costs related to the wind-down of operations in Denmark. A majority have a term of approximately six years.

19 Other liabilities

	2022	2021
Other non-current liabilities		
Liabilities, property acquisitions	116	211
Other non-current liabilities	252	251
Total	369	462
Other current liabilities		
Customer advances	5,103	6,597
Liabilities, land acquisitions	367	262
Derivative instruments not used for hedge accounting	112	46
Other current liabilities	276	364
Total	5,858	7,269

20 Accrued expenses and deferred income

	2022	2021
Payroll-related costs	223	216
Project-related costs	911	1,014
Administrative expenses	77	75
Interest expenses	13	6
Other expenses	25	23
Total	1,248	1,335

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21 Leases

	2022	2021
Interest expenses for lease liabilities	7	7
Total cash flow for leases	104	102

For other disclosures on leasing, refer to Notes 1 (Leases), 5 and 17.

22 Pledged assets and contingent liabilities

	2022	2021
Pledged assets		
<i>For own debt:</i>		
Property mortgages	990	1,491
Restricted bank funds		15
Other pledged assets	11	10
Total pledged assets	1,001	1,516
Surety and guarantee obligations		
<i>Own obligations:</i>		
Counter guarantees to external guarantors ¹⁾	1,576	3,482
Other sureties	585	466
Total surety and guarantee obligations	2,161	3,948

¹⁾ Of this amount, SEK 1,576 M (3,416) comprises counter guarantees pertaining to guarantees that constitute collateral for amounts paid to tenant-owner associations formed by Bonava Sverige AB. Deposit guarantees are valid until one year after the final acquisition cost of the tenant-owner association's building has been established. These guarantees are no longer directly issued by Bonava AB and external guarantors who issue them on behalf of tenant-owner associations have a limited guarantee from Bonava AB and the amount of the commitment is reduced. The counter guarantee for the guarantee for the operations to be discontinued in St. Petersburg amounts to SEK 0 M (66). Other guarantee obligations comprise Bonava AB's guarantee commitments for project financing in St. Petersburg of SEK 487 M (261), and guarantee commitments for the payment of land investments in operations to be discontinued in St. Petersburg of SEK 98 M (204). Bonava's projects in St. Petersburg are financed through foreign banks with licences to operate in St. Petersburg. Of property mortgages, collateral for project financing on behalf of Finnish housing companies was SEK 871 M (1,491), and SEK 119 M (0) relates to assets in St. Petersburg associated with land acquisitions.

Rental guarantees comprise minor amounts.

23 Cash flow statement, cash and cash equivalents

Other change in working capital	2022	2021
Increase (-)/decrease (+) in inventories	47	-38
Increase (-)/decrease (+) in receivables	597	-204
Increase (-)/decrease (+) in liabilities	-1,689	330
Total other change in working capital	-1,045	88

Cash and cash equivalents	2022	2021
Cash and bank balances	303	1,066
Total according to balance sheet and cash flow statement	303	1,066

Cash and cash equivalents are recognised at amortised cost. Fair value corresponds to the carrying amount. In accordance with IFRS 9, cash and cash equivalents are subject to impairment using the model for expected credit losses. No impairment took place in 2022.

Short-term investments have been classified as cash and cash equivalents based on the following considerations:

- They are subject to an insignificant risk of value fluctuation.
- They can easily be converted into cash funds.
- They have a maturity of up to three months at the time of acquisition.

Information about interest paid/received

Interest received during the year amounted to SEK 8 M (2). Interest paid during the year amounted to SEK 163 M (105).

	2021	Cash flow	Exchange-rate changes	2022
Non-current interest-bearing receivables	2			2
Current interest-bearing receivables	90	-91	20	18
Total interest-bearing receivables	92	-91	20	20

	2020	Cash flow	Exchange-rate changes	2021
Non-current interest-bearing receivables	2			2
Current interest-bearing receivables	17	70	3	90
Total interest-bearing receivables	19	70	3	92

	2021	Cash flow	Non-cash items	2022
			Exchange-rate changes	
			Reclassifications	
			New leases	
Non-current interest-bearing liabilities	2,232	1,656	27	3,914
Interest-bearing lease liabilities	252	-116	15	228
Current interest-bearing liabilities	1,989	1,231	-23	3,442
Total interest-bearing liabilities	4,472	2,770	20	7,583

	2020	Cash flow	Non-cash items	2021
			Exchange-rate changes	
			New leases	
Non-current interest-bearing liabilities	2,930	-714	16	2,232
Interest-bearing lease liabilities	223	-123	5	252
Current interest-bearing liabilities	1,564	484	-60	1,989
Total interest-bearing liabilities	4,718	-354	-39	4,472

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Finance Policy (principles for risk management)

Bonava is exposed to financial risks through its business operations. Financial risk is defined as refinancing risk, liquidity risk, interest rate risk, exchange rate risk, credit risk, counterparty risk and guarantee capacity risk. Bonava's Treasury function assumes responsibility for compliance with the Finance Policy. Bonava's Finance Policy for managing financial risks has been decided by Bonava's Board of Directors and provides a framework of guidelines and regulations in the form of risk mandates and limits for the finance operations.

Within Bonava's decentralised organisation, the finance operations are centralised in the Group's Treasury function, in part to monitor the Group's overall financial risk position but also to achieve cost efficiency and economies of scale, to accumulate competence and to protect Group-wide interests. The Treasury function manages Bonava's interest rate, exchange rate, credit, refinancing, counterparty and liquidity risk. Customer credit risk is managed by the relevant business unit.

Refinancing risk

Refinancing risk is defined as the risk that Bonava will not be able to obtain financing at a given time or that creditors will have difficulty in fulfilling their commitments. According to its Finance Policy, Bonava is to strive to spread its risks among various sources of financing to secure its long-term access to borrowed capital.

Bonava's policy is that the company's debt portfolio is to have a maturity structure that minimises exposure from the perspective of refinancing risk. The debt portfolio consists of project financing and corporate debt. Project financing relates to construction by Finnish housing companies and Swedish tenant-owner associations as well as housing projects in St. Petersburg. Project financing is to be linked to individual housing projects, and the term must reflect the projects' completion dates. The maturity periods of the rest of the debt portfolio are to be well diversified over time and the weighted average remaining maturity must be at least 18 months.

In relation to the financing of construction of Finnish housing companies and Swedish tenant-owner associations totalling SEK 1,474 M (1,229), tied-up capital is linked to individual housing projects and averaged 9 (10) months. As of 31 December 2022, tied-up capital was 24 (27) months for the rest of the company's debt portfolio.¹⁾ Tied-up capital was 20 (22) months for total interest-bearing liabilities.¹⁾ For unutilised facilities, including overdraft facilities, the maturity was 23 (21) months.

Capital structure

Bonava defines capital as shareholders' equity including minority share as indicated in the balance sheet. Capital thus amounted to SEK 7,984 M (8,322) as of 31 December 2022. Bonava's objective is to achieve a capital structure that results in an efficient weighted cost of capital and a credit rating that secures the operations' needs and potential future acquisitions.

Bonava reviews its capital structure and makes changes when financial circumstances change. To retain or change the capital structure, Bonava's Board of Directors may propose an adjustment of the dividend paid to shareholders, pay an extra dividend, buy back shares, complete a new share issue or sell assets in order to reduce its liabilities.

Other financial targets

When assessing the capital structure, Bonava uses key figures regarding current and forecast equity to assets ratio, as well as frequent liquidity forecasts. Apart from the strategic targets, Bonava also strives to fulfill the following:

- Equity to assets ratio of at least 30 per cent.
- Dividend to shareholders of at least 40 per cent of the groups net profit over a business cycle.

At the end of 2022 the equity to assets ratio was 31.2 per cent. Bonava's Board has proposed that no dividend is to be distributed for 2022.

Maturity structure of tied-up capital 2022¹⁾

Matures	Interest-bearing liabilities	
	Amount	Proportion, %
2023	1,634	24
2024	2,029	29
2025	2,681	39
2026	334	5
2027	223	3
Total	6,901	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.

Maturity in 2023 relates to drawdown on the Revolving Credit Facility (RCF) or certificates guaranteed by the RCF. Of loans maturing in 2024, SEK 1,200 M relates to Bonava's green bonds. Other loan maturity relates to bilateral loans from banks and credit institutions.

Liquidity risks

Liquidity risk refers to the risk of being unable to meet payment obligations due to insufficient liquidity.

To achieve adequate flexibility and cost-effectiveness, while ensuring that future financing requirements are satisfied, Bonava's Finance Policy states that payment capacity must correspond to at least 10 per cent of annual sales. Payment capacity is defined as cash and cash equivalents, short-term investments and unutilised committed credit facilities. Available cash and cash equivalents are to be held in banks or invested in interest-bearing instruments with good credit ratings, and a liquid secondary market.

As of 31 December 2022, Bonava's cash and cash equivalents and short-term investments amounted to SEK 119 M (1,066).

As of 31 December, Bonava's payment capacity was 15 per cent (29) including available cash and cash equivalents of SEK 102 M (1,030) and unutilised committed credit facilities of SEK 2,065 M (3,626).

The following table shows Bonava's financial assets and liabilities (including interest payments) and derivative instruments classified as financial assets and liabilities. For financial instruments carrying variable interest rates, the interest rate prevailing on the balance sheet date has been used.

The amounts in the tables are contractual undiscounted cash flows.

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Analysis of maturities (amounts including interest)

	Carrying amount	Total future payment amount	<3 months	3 months–1 year	1–3 years	3–5 years	>5 years
2022							
Other non-current shareholdings	3	3					3
Interest-bearing receivables	3	3			3		
Accounts receivable	317	317	317				
Cash and cash equivalents	119	119	119				
Total	441	441	435	0	3	0	3
Interest-bearing liabilities	5,424	5,743	1,992	303	2,876	573	
Interest-bearing liabilities in Finnish housing companies and Swedish tenant-owner associations	1,474	1,528	120	1,235	172		
Interest-bearing lease liabilities	226	356	24	67	106	35	125
Accounts payable	658	658	658				
Currency derivatives	95						
inflow		3,814	2,618	1,195			
outflow		-3,909	-2,684	-1,224			
Total	7,878	8,191	2,728	1,576	3,155	607	125
2021							
Other non-current shareholdings	3	3					3
Interest-bearing receivables	3	3			3		
Accounts receivable	424	424	424				
Cash and cash equivalents	1,066	1,066	1,066				
Total	1,496	1,496	1,491	0	3	0	3
Interest-bearing liabilities	2,991	3,149	19	869	1,526	528	206
Interest-bearing liabilities in Finnish housing companies and Swedish tenant-owner associations	1,229	1,247	248	782	212	5	
Interest-bearing lease liabilities	252	330	22	68	116	78	46
Accounts payable	680	680	680				
Currency derivatives	41						
inflow		4,141	3,169	971			
outflow		-4,182	-3,208	-974			
Total	5,194	5,365	932	1,716	1,855	611	252

Interest rate risk

Interest rate risk is the risk that changes in market rates will adversely affect Bonava's cash flow or the fair value of financial assets and liabilities. Bonava's main financing sources are shareholders' equity, cash flow from operating activities and borrowing.

Interest-bearing borrowing exposes Bonava to interest rate risk.

According to Bonava's Finance Policy for managing interest rate risk, the remaining fixed-rate term for liabilities concerning construction projects by Finnish housing companies and Swedish tenant-owner associations must not exceed the scheduled completion date for the project. For the rest of the company's debt portfolio, the fixed-rate term must be between one and 18 months.

The fixed-rate term for debt in Finnish housing companies and Swedish tenant-owner associations of SEK 1,474 M (1,229) was three months (3). Interest-bearing liabilities for the rest of the company's debt portfolio amounted to SEK 5,426 M (2,993) and the average fixed-rate term was two months (2). As of 31 December 2022, Bonava's total interest-bearing gross debt was SEK 6,901 M (4,222) and the average fixed-rate term was two months (2)¹⁾.

The fixed-rate term for financing in Finnish housing companies and Swedish tenant-owner associations and the rest of the company's debt portfolio follows the Finance Policy.

There were no interest rate swaps outstanding as of 31 December 2022 or 2021.

An increase in interest rates by one percentage point would result in a change of SEK -46 M (-19) in net profit/loss for the year after net financial items, given the interest-bearing assets and liabilities that existed on the balance sheet date. This relates to variable interest since no assets or liabilities bear interest at a fixed rate. Refer to page 91 for the distribution of currencies and the underlying base interest rates for Bonava's loans.

Interest rate sensitivity¹⁾

Profit/loss	Profit effect, SEK M	
	2022	2021
Market interest rate \pm 1%	46	19

Maturity structure, fixed-rate term 2022¹⁾

Matures	Interest-bearing liabilities	
	Amount	Proportion, %
2023	6,901	100
Total	6,901	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.

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Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will adversely affect the consolidated income statement, balance sheet or cash flow statement. Exchange rate risk can be managed using derivatives or forward agreements and is to be limited to the currencies to which the Group is exposed. Currency forward contracts are used to hedge dividends from subsidiaries in EUR. EUR, NOK and SEK currency swaps are used to hedge internal loans in currencies other than the borrowing currencies.

Transaction exposure

In accordance with Bonava's Finance Policy, transaction exposure must be eliminated as soon as it becomes known and material. Contractual flows are to be hedged.

Because Bonava's business units receive and make payments in local currency, the extent of the transaction exposure is not significant.

The following table shows Bonava's interest-bearing liabilities in various currencies. The liabilities bear interest at a variable rate, which for the respective currencies is EURIBOR, NIBOR, CIBOR and STIBOR.

Interest-bearing liabilities 2022¹⁾

Counter-value in SEK	Amount	Proportion, %
EUR	2,266	33
NOK	663	10
DKK	150	2
SEK	3,822	55
Total	6,901	100

¹⁾ Concerns nominal amounts excluding liabilities pertaining to leases.

Translation exposure

Up until 2016, translation exposure in foreign net assets was hedged. The following table shows Bonava's net investments by currency.

Counter-value

Currency	2022 Net investment	2021 Net investment
DKK	280	433
EUR	2,193	2,013
NOK	1,123	589
RUB	877	666
Total	4,473	3,710

As of 31 December, a 5 per cent depreciation of the SEK in relation to other currencies would result in a change in shareholders' equity of SEK 224 M (186).

Currency sensitivity

At 31 December 2022, there were no transactions that are probable and certain in terms of the amount and date that would result in a significant impact on Bonava's earnings in the event of a change in the underlying exchange rate.

Credit risk

Credit and counterparty risk in financial operations

Bonava's investment regulations for financial credit risks are revised continuously and characterised by caution. Banking transactions are only entered into with creditworthy counterparties with credit ratings of at least A- (Standard & Poor's) or the equivalent international rating, as well as local banks with a minimum rating equal to the creditworthiness of the country in which Bonava conducts operations. The International Swaps and Derivatives Association (ISDA) master agreement on netting is used with all external counterparties with respect

to derivative trading. The investment regulations specify maximum credit exposures and maturities for various counterparties.

The total counterparty exposure relating to derivatives, calculated as net receivables per counterparty, amounted to SEK 0 M (0) at the end of 2022. Net receivables per counterparty is calculated in accordance with the market valuation method, i.e. the market value of the derivative plus a supplement for the change in risk (1 per cent of the nominal amount). The calculated gross exposure to counterparty risks pertaining to cash and cash equivalents and short-term investments amounted to SEK 119 M (1,066).

Credit risk in accounts receivable

The risk that Bonava's customers will not fulfil their obligations, meaning that payment is not received from customers, constitutes a credit risk. The credit rating of the Group's customers is checked, whereby information on the customers' financial position is obtained from various credit information companies. Essentially, the right of ownership of the product the customer is paying for is not transferred until full payment has been made. This means that Bonava's risk is low, as it is limited to changes in market value.

Age analysis of accounts receivable including receivables for divested housing projects at 31 December 2022

	Gross amount	Expected default rate, %	Credit loss allowance	Total
Not due accounts receivable	247	0.3–4	3	245
Past-due accounts receivable 1–30 days	25	0.3–5	1	24
Past-due accounts receivable 31–60 days	4	2.4–50	0	4
Past-due accounts receivable 61–180 days	80	3–100	7	72
Past-due accounts receivable >180 days	16	3–100	5	10
Total	372		16	356

Bonava has grouped its accounts receivable into portfolios corresponding to the respective Group operating segment, as these items are deemed to have a similar credit risk. Each operating segment in the Bonava Group has prepared a matrix for accounts receivables, which examines historical losses and has been adjusted for current and forward-looking conditions. This means that the intervals represent the lowest and highest credit loss allowance percentage applied in the Group for each period.

Change in credit loss allowance	2022	2021
Opening balance as at 1 January	16	14
Adjusted for operations to be discontinued	–1	0
Provision for the year	6	8
Reversal of previously posted impairment losses	–2	–7
Translation differences for the year	1	0
Accounts receivable written off during the year	–4	0
Closing balance as at 31 December	16	16

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Carrying amount and fair value of financial instruments

The carrying amount and the fair value of financial instruments are presented in the following table.

The measurement at fair value of currency-forward contracts is based on published forward rates on an active market.

For financial instruments measured at amortised cost (accounts receivable, other receivables, cash and cash equivalents, accounts payable, other interest-free liabilities and other interest-bearing liabilities), fair value is considered equal to the carrying amount.

Classification of financial instruments

2022	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Other non-current shareholdings		3				3
Non-current receivables			3			3
Accounts receivable			317			317
Other receivables			69			69
Cash and cash equivalents			119			119
Derivatives		17				17
Total assets		19	507			527
Non-current interest-bearing liabilities					3,593	3,593
Other non-current liabilities					369	369
Current interest-bearing liabilities					3,532	3,532
Accounts payable					658	658
Other current liabilities					367	367
Derivatives				112		112
Total liabilities				112	8,518	8,630

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Classification of financial instruments

2021	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit or loss	Financial assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Other financial liabilities	Total
Other non-current shareholdings		3				3
Non-current receivables			3			3
Accounts receivable			424			424
Other receivables			341			341
Cash and cash equivalents			1,066			1,066
Derivatives		5				5
Total assets		8	1,835			1,842
Non-current interest-bearing liabilities					2,396	2,396
Other non-current liabilities					462	462
Current interest-bearing liabilities					2,076	2,076
Accounts payable					680	680
Other current liabilities					262	262
Derivatives				46		46
Total liabilities				46	5,876	5,922

In the following tables, disclosures are made concerning how fair value has been determined for the financial instruments that are continuously measured at fair value and the financial instruments not measured at fair value in Bonava's balance sheet. The difference between fair value and carrying amount for long-term liabilities does not constitute a material amount and the carrying amount has therefore been deemed to correspond to the fair value. For current liabilities, the carrying amount has been deemed to correspond to the fair value. The fair value measurement divides assets into three levels. No transfers between levels occurred during the period and no significant changes were made with respect to measurement methods, data used or assumptions.

- Level 1: according to prices quoted on an active market for identical instruments. The bond loan of SEK 1.2 Bn is measured at fair value according to level 1 of the fair value hierarchy, which involves measurement using direct or indirect market data.
- Level 2: according to the method for Level 2, fair value is based on models that use other observable inputs for the asset or liability other than the quoted prices included in Level 1. For Bonava, these inputs include market interest rates and yield curves used to calculate fair value.
- Level 3: on the basis of inputs that are not observable on the market. This category is used for measuring investment properties.

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	2022			2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets measured at fair value						
Derivative instruments not used for hedge accounting		17	17		5	5
Other securities held as non-current assets		3	3		3	3
Total financial assets		19	19		8	8
Financial liabilities measured at fair value						
Derivative instruments not used for hedge accounting		112	112		46	46
Financial liabilities measured at amortised cost						
Other liabilities (interest-bearing liabilities) ¹⁾		5,698	5,698		3,020	3,020
Bond loans	1,200		1,200	1,200		1,200
Total financial liabilities	1,200	5,698	6,898	1,200	3,066	4,266

¹⁾ Excluding liabilities pertaining to leases.

Offsetting financial instruments

Bonava has binding master agreements (ISDA) governing netting with all counterparties as regards derivatives. The table above shows reported gross financial assets and liabilities that can be offset. Bonava has not offset any amounts in the balance sheet.

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25 Items affecting comparability

Items affecting comparability of SEK –56 M for full-year 2022 pertain to costs resulting from organisational changes (severance pay) decided on in Sweden, Germany and central divisions.

In total, net items affecting comparability of SEK –56 M have been distributed as follows: SEK –20 M in Sweden, SEK –32 M in Germany and SEK –4 M in Other (central divisions).

Items affecting comparability in 2021 related to costs for the planned wind down of operations in Denmark and a positive earnings effect from the divestment of Bonava's building rights portfolio in Copenhagen. In 2021, a strategic review was also carried out resulting in costs attributable to impairment of assets and decided organisational changes (severance pay) in Sweden, Finland, Norway and central divisions.

In total, net items affecting comparability of SEK –80 M have been distributed as follows: SEK –44 M in Sweden, SEK –36 M in Finland, SEK –50 M in Norway and SEK 50 M in Other (Denmark and central divisions).

In 2022 and 2021, the following items affecting comparability were recognized:

	2022	2021
Wind down of the Danish operations		–117
Capital gains from sale of land		226
Impairment losses on land		–73
Wasteful expenditures		–57
Impairment of intangible assets		–29
Organisational changes	–56	–29
Total items affecting comparability	–56	–80

The income statement below shows the Bonava Group including items affecting comparability.

	2022	2021
Net sales	15,706	15,291
Production costs	–13,869	–13,361
Gross profit	1,837	1,929
Selling and administrative expenses	–944	–928
Operating profit	894	1,002
Financial income	8	2
Financial expenses	–206	–144
Net financial items	–198	–142
Profit before tax	695	860
Tax on profit for the year	–190	–179
Profit for the year	505	681

26 Earnings per share

	2022	2021
Earnings per share before and after dilution relating to continuing operations, SEK	4.71	6.35
Earnings attributable to the Parent Company's shareholders relating to continuing operations, SEK M	505	681
Earnings per share before and after dilution relating to continuing operations and operations to be discontinued, SEK	-2.82	7.54
Earnings attributable to the Parent Company's shareholders relating to continuing operations and operations to be discontinued, SEK M	-303	808
Earnings per share before and after dilution relating to operations to be discontinued, SEK	-7.54	1.18
Earnings attributable to the Parent Company's shareholders relating to operations to be discontinued, SEK M	-808	127
Number of shares when calculating earnings per share before and after dilution, millions	107.2	107.2

27 Government assistance

No government assistance was received in 2022 or 2021.

In 2020, Bonava received SEK 3 M, which was entered as a liability as the conditions for recognising the support had not yet been fulfilled. Following a decision, the amount was repaid in 2022.

28 Operations to be discontinued

Bonava announced on 3 March 2022 that the operation in St. Petersburg would be wound-down. Since then, Bonava has reviewed various strategic alternatives to wind-down operations, with one alternative being a responsible potential divestment of the operation. On 7 October 2022, Bonava announced that an agreement to sell the Russian operations had been signed. Due to this, the operations in St. Petersburg are recognised in operations to be discontinued as of the third quarter of 2022. Adjusted historical comparative figures have been published on Bonava's website; see <https://www.bonava.com/en/investor-relations/financial-information>.

In January 2023, a decision was made to impair the net assets of the operation in St. Petersburg. The impairment totalled SEK 877 M and was calculated using the exchange rates current at the end of December. After the impairment of net assets, the exposure to Russia

28 Operations to be discontinued, cont.

is deemed to be limited. The impairment of net assets will be reported under profit/loss for the year from operations to be discontinued.

The following press release was published on 24 January 2023: The intended buyer of the operations in St. Petersburg, G-Group, has not received the required approvals from the Russian authorities why the sales agreement has been cancelled. In a press release published on 17th of November 2022 we described that this risk was very likely. The decision to leave Russia stands firm and the process of selling the business has been restarted. Due to the uncertainty in how long time the selling process will take and to what amount, Bonava has decided to write-down the net assets of the operations in St. Petersburg in the fourth quarter to zero. The guarantee commitments for project financing that Bonava AB have on account of its subsidiaries in St. Petersburg are being reduced when we deliver units and the value is decreasing according to plan why no reservation of these deemed necessary. This type of guarantee represent the majority of the guarantees Bonava has outstanding. The write-down of net assets amounts to SEK 0.9 Bn at December closing exchange rates. After the write-down of net assets the exposure against Russia is deemed limited. Since the third quarter 2022 the operations in St. Petersburg have been reported as operations to be discontinued. The impairment of net assets will be reported under profit/loss for the period from operations to be discontinued. This does not have any cash-flow effect and Bonava is still fulfilling its loan covenants.

The counter guarantee for the guarantee for the operations to be discontinued in St. Petersburg amounts to SEK 0 M (66). Other guarantee obligations comprise Bonava AB's guarantee commitments for project financing in St. Petersburg of SEK 487 M (261) and guarantee commitments for the payment of land investments in operations to be discontinued in St. Petersburg of SEK 98 M (204). Bonava's projects in St. Petersburg are financed through foreign banks with licences to operate in St. Petersburg.

	2022
Ongoing housing projects	618
Completed housing units	111
Cash and cash equivalents	185
Total assets	915
Provisions	23
Non-current liabilities	577
Customer advances	117
Other current liabilities	197
Total liabilities	915
Net assets	0
Pledged assets and contingent liabilities	
Pledged assets ¹⁾	119

¹⁾ Pertains to property mortgages on properties owned by Bonava St. Petersburg.

	2022	2021
Net sales	526	745
Production costs	-365	-553
Gross profit	161	192
Selling and administrative expenses	-70	-37
Operating profit	91	155
Financial income	22	15
Financial expenses	-23	-9
Net financial items	-1	6
Profit before tax	90	161
Tax on profit for the year	-21	-33
Profit from operations to be discontinued after tax	69	127
Impairment of net assets	-877	
Profit/loss from operations to be discontinued	-808	127
Exchange rate difference on translation of operations to be discontinued	142	55
Other comprehensive income from operations to be discontinued	142	55
Net cash flow from operating activities	-472	-150
Net cash flow from investment activities	9	7
Net cash flow from financing activities	363	11
Net increase in cash and cash equivalents from the subsidiary	-100	-132

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Parent Company Income Statement

	Note	2022	2021
Net sales	1, 12	269	280
Production costs		-21	-77
Gross profit		248	203
Administrative expenses		-435	-453
Operating loss	2, 3, 4	-187	-249
Profit from financial items			
Profit from participations in Group companies	5	353	551
Other interest income and similar items		320	181
Interest expenses and similar items	6	-140	-91
Profit after financial items		345	393
Appropriations			
Changes to tax allocation reserve			-1
Group contributions paid		-45	-144
Profit before tax		300	249
Tax on profit for the year	9	21	68
Profit for the year		321	316

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Parent Company Balance Sheet

	Note	2022	2021
ASSETS	1		
Fixed assets			
<i>Intangible assets</i>			
Capitalised expenditure for development work, etc.	7	6	35
Total intangible assets		6	35
<i>Property, plant and equipment</i>			
Equipment		3	4
Total property, plant and equipment		3	4
<i>Financial fixed assets</i>			
Participations in Group companies	8	2,521	2,575
Other non-current receivables		102	81
Total financial fixed assets		2,624	2,656
Total fixed assets		2,632	2,694
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		10,195	6,514
Prepaid expenses and accrued income		75	25
Other receivables		689	1,039
Cash and bank balances			636
Total current receivables		10,960	8,214
TOTAL ASSETS		13,592	10,908

	Note	2022	2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
<i>Restricted equity</i>			
Share capital		434	434
Fund for development expenses		6	35
Total restricted equity		439	469
<i>Non-restricted equity</i>			
Profit brought forward		6,648	6,682
Profit for the year		321	316
Total non-restricted equity	14	6,969	6,998
Total shareholders' equity		7,409	7,467
<i>Untaxed reserves</i>			
<i>Tax allocation reserve</i>			
Total untaxed reserves		0	0
<i>Provisions</i>			
Other provisions		11	10
Total provisions		11	10
<i>Non-current liabilities</i>			
Liabilities to credit institutions	10	3,174	1,918
Total non-current liabilities		3,174	1,918
<i>Current liabilities</i>			
Accounts payable		19	15
Liabilities to Group companies		701	544
Liabilities to credit institutions	10	2,118	822
Other liabilities		97	48
Accrued expenses and deferred income	11	63	85
Total current liabilities		2,999	1,513
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		13,592	10,908

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Parent Company Changes in Shareholders' Equity

	Restricted equity		Non-restricted equity		Total shareholders' equity
	Share capital	Fund for development expenses	Profit brought forward	Profit for the year	
Opening shareholders' equity, 1 January 2021	434	54	6,631	590	7,709
Appropriation of profit			590	-590	0
Transfer to/from fund for development expenses		-19	19		0
Performance-based incentive programme			4		4
Dividend			-563		-563
Profit for the year				316	316
Closing shareholders' equity, 31 December 2021	434	35	6,682	316	7,467
Appropriation of profit			316	-316	0
Transfer to/from fund for development expenses		-30	30		0
Performance-based incentive programme			-4		-4
Dividend			-375		-375
Profit for the year				321	321
Closing shareholders' equity, 31 December 2022	434	6	6,648	321	7,409

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Parent Company Cash Flow Statement

Note	2022	2021
OPERATING ACTIVITIES		
Profit after financial items	345	393
<i>Adjustments for items not included in cash flow:</i>		
– Anticipated dividend	–390	–474
– Depreciation/amortisation 3	25	60
– Impairment losses 5, 7	681	29
– Changes in provisions	1	3
– Other	–2	2
Total items not included in cash flow	660	–379
Tax paid		9
Cash flow from operating activities before change in working capital	660	23
Cash flow from change in working capital		
Increase (–)/decrease (+) in receivables	349	462
Increase (+)/decrease (–) in liabilities	26	26
Cash flow from change in working capital	375	488
Cash flow from operating activities	1,034	511
INVESTMENT ACTIVITIES		
Investments in shares in subsidiaries	–624	
Sale of shares in subsidiaries		43
Investments in intangible assets 7	–1	–8
Cash flow from investment activities	–625	35
Cash flow before financing	410	546
FINANCING ACTIVITIES		
Dividend paid	–375	–563
Increase (–)/decrease (+) in interest-bearing receivables	–3,342	23
Increase (+)/decrease (–) in interest-bearing liabilities	2,671	–269
Cash flow from financing activities	–1,046	–808
Cash flow for the year	–636	–263
Cash and cash equivalents at 1 January	636	899
Cash and cash equivalents at 31 December	0	636

	2021	Cash flow	2022
Current interest-bearing receivables	7,062	3,342	10,403
Total interest-bearing receivables	7,062	3,342	10,403

	2020	Cash flow	2021
Current interest-bearing receivables	7,084	–23	7,062
Total interest-bearing receivables	7,084	–23	7,062

	2021	Cash flow	Group contributions	2022
Current interest-bearing liabilities	1,356	1,414	45	2,816
Non-current interest-bearing liabilities	1,918	1,257		3,174
Total interest-bearing liabilities	3,274	2,671	45	5,990

	2020	Cash flow	Group contributions	2021
Current interest-bearing liabilities	1,222	–10	144	1,356
Non-current interest-bearing liabilities	2,176	–259		1,918
Total interest-bearing liabilities	3,398	–269	144	3,274

Group contributions are recognised as interest-bearing receivables or liabilities as they are recorded, but do not impact cash flow. This occurs the following year, when the Group contribution is settled.

Interest received during the year amounted to SEK 320 M (181).
Interest paid during the year amounted to SEK 117 M (66).

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Parent Company Notes

1 Accounting policies

The Parent Company's Annual Report has been prepared in accordance with the Annual Accounts Act (1995:1554) and the recommendation RFR 2, Accounting for legal entities and statements from the Swedish Financial Reporting Board.

The Parent Company's accounting policies differ from the Group's in the following ways:

Subsidiaries

For the Parent Company, shares in subsidiaries are recognised at cost less any impairment losses. Impairment losses for these shares and participations arise if the recoverable amount is lower than the carrying amount. Received and anticipated dividends are recognised as revenue.

Leases

In the Parent Company, all lease expenses are recognised in the income statement in conjunction with the cost arising.

Group contributions

Group contributions received and paid are recognised as appropriations in the Parent Company income statement, in accordance with the alternative rule in RFR 2.

Borrowing costs

The Parent Company recognises total borrowing costs as an expense in the period in which they arise.

2 Number of employees, salaries and other remuneration

The average number of employees for the year was 71 (86). 45 (55) of the employees are women and 26 (31) are men.

Gender division

	Percentage women, %	
	2022	2021
Board of Directors	43	50
Senior executives	44	30

Salary and other remuneration, and social security expenses including pension costs

	2022	2021
Salary and remuneration	87	109
Social security expenses	47	54
of which, pension costs	14	20

Salary and remuneration refer exclusively to personnel in Sweden. Refer also to Note 4 for the Group, Number of employees, personnel costs and remuneration to senior executives.

Salary and other remuneration divided among Board members, CEO and other employees

	2022		2021	
	The Board and CEO employees	Other	The Board and CEO employees	Other
Salaries and other remuneration	14	73	13	96
of which, bonuses, etc.	2	4	3	4

3 Depreciation/amortisation

	2022	2021
Intangible assets	24	57
Property, plant and equipment	1	3
Total depreciation/amortisation	25	60

4 Remuneration and fees to audit firms

	2022	2021
<i>PwC</i>		
Audit assignment	2	2
Other services	1	1
Total remuneration and fees to auditors and audit firms	3	3

Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Auditor's Report and provide audit advice in connection with the audit assignment).

5 Profit from participations in Group companies

	2022	2021
Dividend	1,027	551
Impairment losses	-674	
Total	353	551

6 Interest expenses and similar items

	2022	2021
Interest expenses, credit institutions	117	68
Other financial expenses	23	23
Total	140	91

7 Intangible assets

Acquired intangible assets	2022	2021
Recognised cost at 1 January	416	408
Investments	1	8
Divestments	-7	
Recognised cost at 31 December	411	416
Accumulated amortisation at 1 January	-321	-264
Amortisation according to plan during the year	-24	-57
Accumulated amortisation at 31 December	-346	-321
Accumulated impairment losses at 1 January	-60	-31
Divestments	7	
Impairment losses for the year	-7	-29
Accumulated impairment losses at 31 December	-59	-60
Residual value at 1 January	35	113
Residual value at 31 December	6	35

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8 Participations in Group companies

Name, Corp. ID no., Reg. office	Proportion, %	No. of shares	Carrying amount	
			2022	2021
Bonava Danmark A/S, 32 65 55 05, Denmark	100	5,000	280	457
Bonava East Holding AB, 556495-9079, Stockholm	100	1,000		
Bonava Eesti OÜ, 11398856, Estonia	100	1	41	41
Bonava Holding GmbH, HRB 16008 FF, Germany	100	373	373	374
Bonava Latvija SIA, 40003941615, Latvia	100	15,780,000	176	176
Bonava Lietuva UAB, 305099434, Lithuania	100	250	9	9
Bonava Norge AS, 980 390 020, Norway	100	7,501	1,123	677
Bonava Suomi Oy, 2726714-3, Finland	100	10,000	300	301
Bonava Supply AB, 559261-2807, Stockholm	100	25,000		
Bonava Sverige AB, 556726-4121, Stockholm	100	1,000	218	159
Bonava Wohnbau GmbH, HRB 15662 FF, Germany	10	2,500	1	1
LLC Bonava Saint-Petersburg, INN7841322136, Russia	100			198
LLC Specialized Developer Bonava, INN7841089000, Russia	99			183
SP Residential Holding AB, 559377-4358, Stockholm	100	25,000		
Total participations in Group companies			2,521	2,575

Only directly owned companies are reported in the table above.

Apart from the companies listed above, Bonava AB indirectly controls a number of trading and dormant sub-subsidiaries.

After the end of the year and due to the Russian invasion of Ukraine, Bonava has made the assessment that Bonava cannot continue to pursue a sound residential development in St. Petersburg. For more information regarding Bonava St. Petersburg, refer to Group note 28. The carrying amount of the participations in Russian Group companies is shown in the Parent Company note above.

	2022	2021
Recognised cost at 1 January	2,846	2887
Long-term incentive programme	-3	3
Companies sold		-44
Capital injection	623	
Recognised cost at 31 December	3,466	2,846
Accumulated impairment losses at 1 January	-271	-272
Companies sold		1
Impairment losses for the year	-674	
Accumulated impairment losses at 31 December	-945	-271
Carrying amount on 1 January	2,575	2,615
Carrying amount on 31 December	2,521	2,575

9 Tax on profit for the year and deferred tax assets

	2022	2021
Tax on profit for the year		
Current tax cost		-2
Deferred tax revenue/cost	21	70
Total recognised tax on profit/loss for the year	21	68

	Profit/loss	
Effective tax	2022	2021
Profit before tax	300	249
Tax according to company's current tax rate	-62	-51
Non-tax deductible costs	-141	-1
Non-taxable revenues	225	122
Tax attributable to prior years	-2	-1
Tax on dividends from Russia		-2
Recognised tax	21	68
Effective tax, %	-7	-27

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10 Interest-bearing liabilities

	2022	2021
Non-current liabilities		
Liabilities to credit institutions	3,174	1,917
of which, green bonds	1,200	1,200
Total non-current liabilities	3,174	1,917
Current liabilities		
Liabilities to credit institutions	2,118	822
Liabilities to Group companies	697	534
Total current liabilities	2,816	1,356
Total interest-bearing liabilities	5,990	3,273

For repayment schedules and terms and conditions, see Note 24 for the Group, Financial instruments and financial risk management.

11 Accrued expenses and deferred income

	2022	2021
Payroll-related costs	10	43
Administrative expenses	40	34
Interest expenses	13	5
Other expenses		3
Total	63	85

12 Pledged assets and contingent liabilities

	Utilised amount	
	2022	2021
Counter guarantee to external guarantors	10,928	13,290
Guarantees for project-specific financing	1,775	1,201
Guarantees for Group companies	4,253	4,654
Other pledged assets	11	10
Total	16,966	19,155

Proportion of pledged assets and contingent liabilities that are on behalf of tenant-owner associations and housing companies

	2022	2021
Counter guarantee to external guarantors ¹⁾	1,576	4,196
Guarantees for project-specific financing	1,287	940
Total	2,863	5,136

¹⁾ The counter guarantees pertain to guarantees that constitute collateral for amounts paid to tenant-owner associations formed by Bonava Sverige AB. Deposit guarantees are valid for up to one year after the final acquisition cost of the tenant-owner association's building has been established. The counter guarantee for the operations to be discontinued in St. Petersburg totals SEK 69 M (66). Bonava AB's guarantee commitments for project financing in St. Petersburg comprise SEK 487 M (261). Bonava's projects in St. Petersburg are financed through foreign banks with licences to operate in St. Petersburg. Of the guarantees for Group companies, SEK 98 M (204) comprises guarantees for the payment of land investments in the operations to be discontinued in St. Petersburg.

13 Information about the Parent Company

Bonava AB (publ), corp. ID no. 556928-0380, is a registered limited company with its registered office in Stockholm, Sweden. Bonava AB's shares are listed on the Stockholm Stock Exchange (Nasdaq Stockholm Mid Cap).

The address of the head office is Bonava AB, Lindhagensgatan 72, Stockholm, Sweden.

The consolidated financial statements for 2022 consist of the Parent Company and its subsidiaries, jointly termed the Group. The Group also includes holdings in associated companies.

14 Appropriation of profit

The Board of Directors proposes that distributable earnings of SEK 6,969,307,922

Be appropriated as follows:

Carried forward	6,969,307,922
Total SEK	6,969,307,922

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Appropriation of profit

The Board of Directors proposes that distributable earnings of SEK	6,969,307,922
<i>Be appropriated as follows:</i>	
Carried forward	6,969,307,922
Total, SEK	6,969,307,922

The Board of Directors and the Chief Executive Officer hereby give their assurance that the annual accounts and the consolidated accounts have been prepared in compliance with the international accounting standards referred to in the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated 19 July 2002 regarding the application of international accounting standards and generally accepted accounting practice, and thus give a true and fair view of the financial position and results of operations of the Group and the Parent Company.

The Report of the Board of Directors for the Group and Parent Company provide a fair review of the Group's and the Parent Company's operations, financial position and results of operations and describe the significant risks and uncertainties facing the Parent Company and the Group.

The Board of Directors and the Chief Executive Officer also submit Bonava AB's Sustainability Report for 2022. The Sustainability Report describes the Group's operations from financial, environmental and social aspects. The Report is prepared according to the Global Reporting Initiatives (GRI) Sustainability Reporting Standards. The annual accounts and the consolidated accounts were approved for publication by the Board of Directors on 23 February 2023. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented to the Annual General Meeting for adoption on 3 April 2023.

Stockholm, 13 March 2023

Mats Jönsson
Chairman

Viveca Ax:son Johnson
Board member

Åsa Hedenberg
Board member

Angela Langemar Olsson
Board member

Per-Ingemar Persson
Board member

Andreas Segal
Board member

Nils Styf
Board member

Peter Wallin
CEO

Our Auditor's Report was submitted on 13 March 2023
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
*Authorised Public Accountant
Auditor in Charge*

Linda Andersson
Authorised Public Accountant

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Unofficial translation. To the general meeting of the shareholders of Bonava AB (publ), corporate identity number 556928-0380

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Bonava AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 56-103 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial state-

ments. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Bonava AB (publ) is a housing development company. Operations comprise the development of suitable land into affordable and sustainable residential neighborhoods in Sweden, Germany, Finland, Denmark, Norway, St. Petersburg, Estonia, Latvia and Lithuania. Bonava develops and sells multi-family housing and single-family housing to consumers and investors, mainly in metropolitan areas. During 2022, the decision was made to close down the business in St Petersburg, which from the third quarter 2022 is accounted for as discontinued operations.

We have carried out an audit of consolidated operations for the business units in Germany, Sweden, Norway and Finland as well as specific audit procedures related to parts of the Baltic business, Denmark (included in other) and St Petersburg. These operations comprise 97 per cent of Group turnover and constitutes a majority of the Group's total assets. In addition, statutory audits are carried out for all relevant units in the Group. Key audit matters of the audit are the discontinuation of the Russian business and valuation of housing projects, which is affected by the estimates regarding future outcomes included in the forecasts for the Group. Our audit includes the following:

- Review of internal control over financial reporting, routines and processes focusing on key controls for financial reporting and accounting of housing projects;
- Summary review of the financial statements as of 30 September 2022 with the aim of providing a summary audit review opinion;
- Audit of year-end financial statements as of 31 December 2022 focusing on the valuation of properties held for future development and unsold properties, judgments and assumptions relating to ongoing housing construction projects, accrued costs, guarantee provisions, ongoing litigations, restructuring costs as well as items affecting comparability; and
- Final audit measures required for the presentation of this audit report of the annual report in the parent company and Group and

where applicable, other legal entities. In this context, we have also carried out a review giving our opinion on compliance with guidelines for senior executives, corporate governance of the parent company and sustainability reporting.

The review has been carried out by an audit team that is part of the PwC network. The work complies with local Auditing standards in the relevant countries and specific instructions relating to the consolidated accounts. With regard to the operations in St. Petersburg, the audit team working on the consolidated accounts carried out the Group review, while the statutory audit was carried out by a local auditing firm. In addition, team members from the audit core team held meetings with operations in St. Petersburg, Norway, Estonia and Germany to acquire an understanding of operations in these units as well as routines and controls focusing on evaluating internal control and presenting a summary review of financial reporting on the basis of the Group's accounting principles. For other units in the Group that are not subject to statutory audit requirements, we have carried out other analytical audit measures as part of the review of the consolidated accounts.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

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<div> <div> Key audit matters </div> <div> <p>Discontinuation of the Russian business <i>The close down of the Russian business is described in the Annual report in the administration report, in Note 1 Significant accounting policies under critical estimates and judgments as well as in Note 28 Discontinued operations</i></p> <p>Bonava communicated on March 3 2022 the decision to discontinue the business in Russia, as no possibilities for the group to run housing development commercially in St Petersburg remained.</p> <p>During fall 2022 Bonava entered into an agreement for the sale of the group's subsidiary in Russia and from the third quarterly report the business is accounted for as discontinued operations. In November Bonava informed about information received from the buyer which caused the group to assess that</p> </div> <div> <p>the buyer was unlikely to obtain the necessary permits from the relevant authorities. As of the annual accounts Bonava assess that there is an uncertainty in regards to the valuation of the assets related to this business and as to what values that can be realised in the ongoing sales process, which is why a write-down of SEK billion 0,9 has been made.</p> <p>In the annual accounts, net assets in Russia amount to SEK billion 0,9 before write-down and SEK billion 0 after write-down. Commitments for guarantees amount to MSEK 585.</p> <p>Considering the complex situation for conducting business in Russia, valuation issues regarding assets and commitments as well as the complexity of applying IFRS 5 Fixed assets held for sale and discontinued operations, Bonava's accounting of the closure in Russia constitutes a key audit area.</p> </div> </div> <div> <div> How our audit addressed the Key audit matter </div> <div> <p>Our audit related to the accounting of items related to the closure of the Russian operations has included, among other things, the following audit procedures:</p> <ul style="list-style-type: none"> Meetings with management and other responsible persons to discuss measures performed and planned and the related effects in the accounting. Review of the group's accounting principles to verify compliance with IFRS Substantive testing and other analytical procedures Review of significant balance sheet and profit and loss items on a sample basis against supporting documentation Review of significant contracts and reconciliation of that financial effects are reflected in the financial reporting Assessment of management analysis of </div> <div> <p>applying IFRS 5 discontinued operations and audit of the recalculated comparative information</p> <ul style="list-style-type: none"> Assessment of management's valuation of assets, liabilities and commitments related to the Russian business. Assessment of the classification of items in the financial reporting and application of Bonava's accounting principles <p>Based on our audit, no significant findings were noted that resulted in reporting to the audit committee. As described in the financial reports the outcome of said items is based on assumptions that are subject to inherent uncertainty where the final outcome may lead to a different valuation or accounting.</p> </div> </div>	<div> <div> Key audit matters </div> <div> <p>Valuation of housing projects <i>Housing projects are described in the Annual Report in Note 15 and Note 1 Significant accounting policies under Critical estimates and judgments.</i></p> <p>As of 31 December 2022, housing projects totaled MSEK 22 726 comprising 89 per cent of Group assets as of 31 December 2022.</p> <p>Housing projects consist of ongoing housing projects (MSEK 12 055), completed housing units (MSEK 799) and properties held for future development (MSEK 9 836). Housing projects are recognized in full at the lower of acquisition value and net realizable value. The assessment of net realizable value is by its nature associated with a degree of assumption, and changes in these assumptions can have a material impact on reported values. For completed housing units, the possibility to compensate by making cost savings no longer exists.</p> </div> <div> <p>Assumptions and judgments for completed housing units thus have a larger effect on the valuation on completed housing units. A cautious market and longer planning-, permit- and project processes may also affect the valuation of properties held for future development as those are valued from a final result of the project perspective. Assumptions and judgments affect all items mentioned but have the largest impact on the valuation of properties held for future development. In order for the accounting of these items to be representative, related cost reserves and provisions attributable to housing projects or completed housing projects are also of material significance.</p> <p>As housing projects comprise the most significant item in Bonava's accounts, the review of Bonava's valuation of this item, which is in part based on assumptions, constitutes a key audit matter.</p> </div> </div> <div> <div> How our audit addressed the Key audit matter </div> <div> <p>Our audit is based on evaluating internal control and substantive testing as well as other analytical measures, including data-based transaction analysis of certain Balance Sheet and Income Statement items on a sample basis in housing projects of significant subsidiaries. To ensure the accuracy of the valuation in particular we have also carried out the following audit measures:</p> <ul style="list-style-type: none"> Evaluated the management process for project reporting, including audit of relevant parts of Bonava's operating system with the aim of determine the expediency of its processes and controls. Examined key controls on a sample basis to ensure that relevant control processes have been carried out and documented in accordance with the stipulations of the operating system and to ensure that projects have been reported correctly. Carried out an analytical review of a selection of projects where divergences have been identified between actual and forecast outcomes to create an understanding of the relevant causes. Analyzed trends over time to identify and, where applicable, understand the causes of trend breaks. Examined project calculations and evaluated the reasonableness of project margins. With the support of PwC's valuation experts, we reviewed the reasonableness of assumptions such as sales prices, production costs, rent levels and yield requirements for the valuation of properties held for future development and, where necessary, other </div> <div> <p>parts of housing projects.</p> <ul style="list-style-type: none"> On a sample basis, tested, evaluated and challenged the information used in the calculations of Bonava's hourly rates paid to staff and other reported costs associated with housing projects. Evaluated Bonava's projects that necessitate specific judgments. Tested and evaluated Bonava's judgments on the basis of our own experience and Bonava's supporting documentation, and through discussions with Bonava's executives. Carried out in-depth reviews of a selection of projects by following these through the full term of the project. Tested relevant control processes as projects progress, carried out in-depth forecast reviews. Evaluated management assessment of that book value of capitalized development costs should be balanced. Examined that requisite provisions and other reserves attributable to housing projects have been appropriately reported on the basis of supporting documentation and other assessments. Assessed that the information contained in the annual report is correct on the basis of applicable disclosure requirements. <p>Apart from stating that the valuation of housing projects is associated with inherent uncertainty because reporting is partly based on assumptions that are subject to change, our review has not resulted in the reporting of any material observations to the Audit Committee.</p> </div> </div>	<div> <div> Operations </div> <div> Corporate governance </div> <div> Financial reporting </div> <div> <div> Contents </div> <div> Report of the Board of Directors </div> <div> Segments </div> <div> Risks </div> <div> Consolidated accounts and notes </div> <div> Parent Company accounts and notes </div> <div> Appropriation of profit </div> <div> — Auditor's report </div> </div> <div> In-depth sustainability information </div> <div> Other information </div> </div>
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Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–55 and pages 110–162. Other information also comprises the “Bonava remuneration report 2022” as published on the Bonava webpage at the same time as the release of this report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Bonava AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

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Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report
Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Bonava AB (publ) for the financial year 2022 .

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Bonava AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed auditor of Bonava AB (publ) by the general meeting of the shareholders on the 1 april 2022 and has been the company's auditor since the 25 April 2018.

Stockholm 13 March 2023
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant
Partner in charge

Linda Andersson
Authorized Public Accountant

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In-depth sustainability information

Sustainability is the foundation of our business. We meet people's needs for homes and contribute to a sustainable community with residential areas that function well both socially and environmentally.



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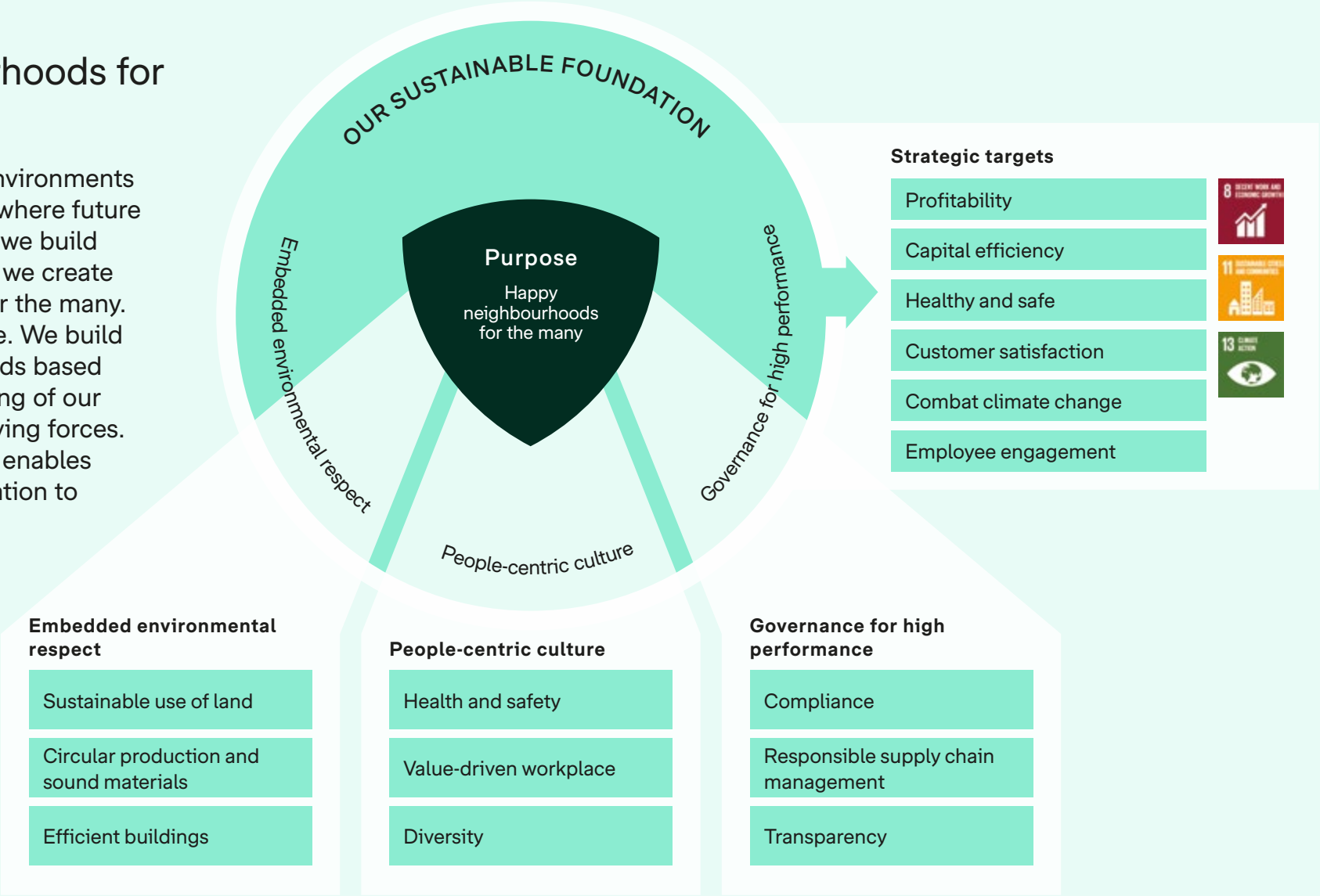
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Our sustainability agenda

Happy neighbourhoods for the many

To create locations and environments where people thrive, and where future generations can grow up, we build much more than homes – we create happy neighbourhoods for the many. This is our overall purpose. We build homes and neighbourhoods based on a genuine understanding of our customers’ needs and driving forces. Our sustainability agenda enables us to have a stable foundation to work from.



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Our sustainability agenda gives us direction

The awareness of the global challenges and their impact on Bonava's operation is increasing, both within Bonava itself and among our stakeholders. The conditions for companies, communities and markets are changing more rapidly than ever, both globally and locally. For players in residential development, this imposes stringent requirements on a sustainability perspective, speed and flexibility.

Our sustainability agenda guides our long-term direction and identifies the sustainability topics we need to prioritise in order to succeed with our strategy over time, achieve our targets, and contribute to global sustainable development.

Bonava's sustainability agenda is reviewed annually through an update of our materiality analysis, which is based on factors in the business environment; anticipated regulatory trends at the global, EU, and local levels; and any changes to Bonava's operations and governance. It identifies the

impact our operations have on society, the environment, and people, as well as long-term opportunities and risks for Bonava.

The sustainability agenda also governs the structure of our sustainability report, which we supplement with sustainability notes. For our sustainability reporting principles, refer to Note S1. Bonava conducts regular stakeholder dialogues with its key stakeholders. Read more about these under Note S3. Information about Bonava's material risks and how they are managed is presented on pages 66–68. An illustration of scenario analyses for Bonava's long-term climate risks is presented in Note S7 of the TCFD. The sustainability information is found in the GRI Index, as well as in the UN Global Compact Index on pages 148–151.

Bonava participates in several organisations and partnerships. Refer to Note S4.



Bonava's key stakeholders

Customers

Bonava's customers are consumers and real estate investors. Consumers look for safe homes in happy neighbourhoods, whereas an investor is looking for a sustainable investment based on yield and sustainability and wants to avoid sustainability risks that could impact future cash flow.

Employees

Bonava has approximately 1,900 employees in eight countries and needs to attract and retain dedicated employees in order to drive change. Employees search for information about opportunities for individual development and commitment.

Investors, financiers, and owners

Investors, financiers, and owners are important stakeholders who are increasingly looking for information about how Bonava manages sustainability risks and opportunities in order to identify and analyse sustainable investments.

Suppliers

Bonava has numerous suppliers, including suppliers of construction services, and is dependent on collaboration with these operators to achieve the desired results. Suppliers seek clarity, dialogue, and repeatability.

Public authorities

Bonava is influenced by public authorities, since they make the rules and grant permits. By contributing experience, testing and impact assessments – often in collaboration with industry organisations – to investigative research projects and in referral procedures in each country's legislative development, Bonava contributes to the SDG targets.

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Sustainability targets 2022

Summary of results for 2022

Focus areas, Bonava's sustainability agenda	Bonava's strategic and other sustainability targets	Outcome 2022	Outcome 2021	Outcome 2020
Embedded environmental respect	Increase the availability of sustainable financing. For 2022 through 100% eco-labelled production starts in Sweden and Norway, and increase in remaining markets	Sweden: 100% Norway 34%	Sweden: 100% Norway: 59%	Other target applied
Embedded environmental respect	In accordance with the approved Science Based Targets, halve the volume of GHG emissions by 2030 from base year 2018, within organisational control (Scope 1-2) with absolute measurements and for the entire value chain (Scope 3) per housing start	Scope 1-2: -35% Scope 3: -40% Scope 3 per unit: +53%	Scope 1-2: -27% Scope 3: -8% Scope 3 per unit: +21%	Scope 1-2: -24% Scope 3: -10% Scope 3 per unit: +2%
People-centric culture	Everyone plan fulfilment = >90% ¹⁾ Frequency of serious incidents = <7.1 Engagement index = 87	Everyone plan fulfilment = 89% Frequency of serious incidents = 14.3 Engagement index = 85	Other target applied LTIFR = 7.2 Engagement index = 85	Other target applied LTIFR = 6.3 Engagement index = 84
Governance for high performance	Publish annual Sustainability Reports in accordance with the GRI standards and report progress to UN Global Compact	Externally reviewed and authorised Sustainability Report	Externally reviewed and authorised Sustainability Report	Externally reviewed and authorised Sustainability Report

1): The results include Sweden, Finland, Germany, Norway, and the Baltics

The UN Sustainable Development Goals

Bonava has identified three of the Sustainable Development Goals (SDGs) that we, with our purpose of building happy neighbourhoods for the many and our strategic targets, can primarily contribute to. These are goals 8, 11 and 13. Many of the other SDGs are also clearly relevant for Bonava. Promoting these other SDGs and targets helps us deliver on the three overall goals; refer further to Note S20.

Awards and rankings 2022

- Bonava maintains a ranking of AA in the MSCI ESG 2022 sustainability ranking, which means that we are regarded as a leading operator in the industry.
- Bonava has a rating of A- in CDP, which means that we rank among the top layer in the industry as regards climate reporting.
- Bonava has been nominated by Brilliant Future as one of the top three in the "Employer of the Year" category for the construction and manufacturing sector, which includes some 50 companies in Sweden.

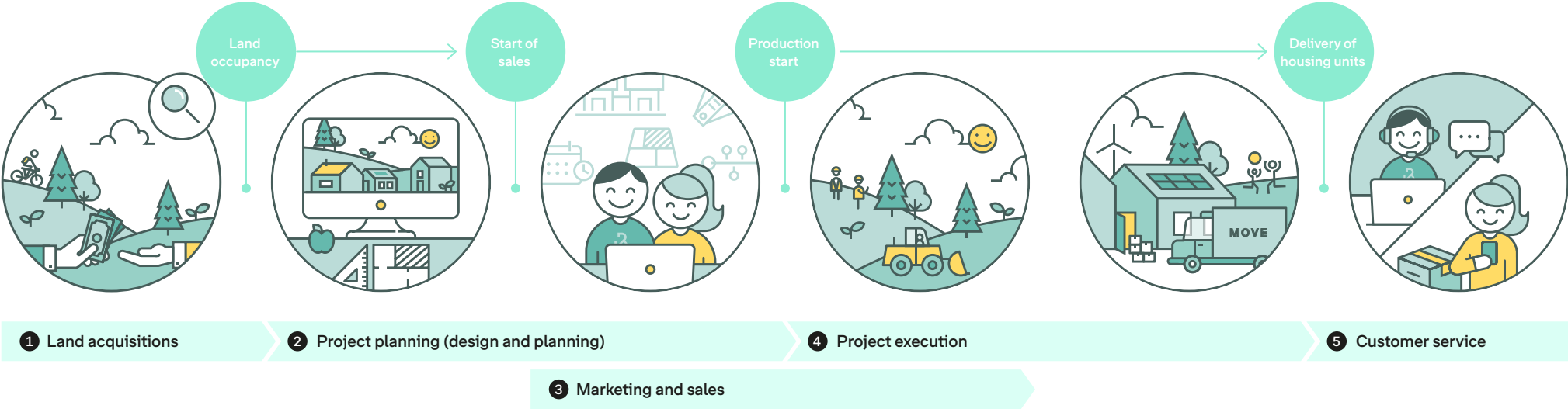
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How Bonava works



The sustainability impact of Bonava’s business

Land acquisitions

Land used and its location in relation to infrastructure and amenities have a significant impact on social and environmental aspects, directly in connection with production and indirectly through the future ability to live sustainably. Ahead of land acquisitions, we examine the conditions applying to the site and analyse both long-term sustainability risks and sustainability potential.

Project planning

The design and planning phase is key to our long-term indirect social and environmental impact. In collaboration with public authorities and other stakeholders, and through dialogue with our customers, the local community, and the general public, Bonava aims to create happy neighbourhoods for the many.

Our Code of Conduct and compliance programme provide support and guidance to ensure that contacts with authorities and suppliers are handled correctly. The design and decisions on choice of materials impacts the indoor environment of the

housing units, the outdoor environment of the neighbourhood, and the environmental and climate impact during production and the remaining life cycle of the neighbourhood.

Project execution

Bonava’s projects are carried out under own management, with turnkey contracts or split contracts. Our main direct impact on sustainability occurs during the execution of projects. Production of most housing units involves ground work that can affect the water table and surrounding areas. Remediation of earlier contamination may also be necessary. Transport to and from the construction site, energy for production, materials used and waste have a direct and indirect environmental impact. How the work is carried out has an impact on working conditions, including the health and safety of the people who spend time on the construction site. Noise, dust and light pollution can directly disrupt the lives of neighbours. Through demands on and control of our suppliers and sub-contractors, Bonava can indirectly have a positive effect on human rights, working conditions, the environment and anti-corruption considerations outside its own operations.

Customer service

After completion, our impact is largely indirect. Final inspection, remedial measures, fine-tuning of installations, maintenance opportunities and instructions are key factors. Through collaboration agreements or by providing contracts, we can also have a significant indirect impact on sustainability, for example, by supporting customers in their choice of service and maintenance providers as well as power supply contracts. Bonava can have a further indirect social and environmental impact by facilitating cooperation among residents and by providing them with information and support in order to use their buildings and the surrounding area for a sustainable lifestyle.

Limitations

From the perspective of the entire value chain, Bonava’s main impact on people and the environment primarily lies outside the organisation. A value-driven workplace is the aspect that primarily influences the organisation internally. A circular production model, health and safety, diversity, and compliance have a significant impact in and outside the organisation.

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Sustainability governance

Sustainability organisation

Bonava's organisation and responsibility for the sustainability agenda is also described in the Corporate Governance Report on page 52. In addition, a few changes were made in the organisation concerning sustainability in 2022 as a result of the overall corporate strategy review that was conducted in 2021. The purchasing organization, which previously had also partially been local, was fully decentralized to the respective business units. Bonava's selection process for evaluating suppliers remains valid, and is followed exactly as it was previously. The company's third-party risks were evaluated in 2022 for the purpose of updating the strategy concerning risks in the supply chain going forward. Read more on page 128.

Board of Directors

The Board of Directors holds ultimate responsibility for reviewing, monitoring, and guiding Bonava's sustainability initiatives. The Board has delegated daily responsibility for sustainability issues to the CEO. Sustainability is included in the company's strategic long-term goals and as part of the company's strategy, which constitutes the basis for the variable remuneration to senior executives.

Sustainability is embedded in Bonava's purpose and strategy. In conjunction with a review of Bonava's sustainability agenda through materiality analysis and stakeholder dialogues, this is taken up at Board meetings, including the procedure and the results of the analysis.

The key policy document for Bonava's sustainability work is the company's Code of Conduct, which is based on the principles for compliance with the UN Global Compact and the company's Sustainability Policy. Like all our other policies, these are revised annually and adopted by the Board. The Board follows up on the sustainability agenda in its entirety,

with all the sustainability targets, at least once a year. Areas such as health and safety and employees are routinely followed up at every Board meeting. Monthly reports are also submitted to the Board that include any incidents and accidents at the worksites. The CEO and Legal address any other serious incidents or events in other areas, such as the environment, at the Board meetings.

During the year, no incidents or events occurred that were of the degree of severity that required reporting to the Board.

The Board also receives an annual review of current and future changes to national, EU, or other relevant legislation and regulations concerning sustainability initiatives or reporting of same. The Board has opportunities for relevant training, such as digital training in workplace safety, which is also a requirement for being permitted to visit a Swedish construction worksite.

The Board's annual evaluation of its activities also includes sustainability. The members of the Board possess expertise that includes broad experience on boards of directors and in management, as well as specific proficiencies that also include aspects of our sustainability agenda.

The Board is of the opinion that the relevant competence is on hand for the operations that Bonava pursues. The Rules of Procedure for the Board of Directors contains clear instructions as regards issues such as conflicts of interest.

Framework for green financing

Current framework

Bonava has green loans and issues green bonds, through which we offer the market an opportunity to be part of financing ecolabelled homes. The current framework facilitates green financing for projects that will be Nordic Swan ecolabelled or certified DNGB Gold or higher. The EU Taxonomy is not a part of Bonava's green framework. The framework has been certified by Sustainalytics.

Significance and impact of the EU Taxonomy going forward

Ensuring that the agenda leads to increased availability of external financing is an important component of our materiality analysis, especially in relation to the EU Taxonomy for sustainable financing. The purpose of the taxonomy is to help investors identify and compare environmentally sustainable investments using a shared classification system for environmentally sustainable economic activities. The reporting obligation for 2022 entails reporting the occurrence of activities that the EU taxonomy is eligible for, as well as the Taxonomy alignment of economic activities based on turnover, capex and opex. For the 2022 reporting, Bonava has adopted a cautious approach to reporting Taxonomy alignment. This means that the company will not report any Taxonomy alignment linked to turnover, capex, and opex for either 7.1 Construction of new buildings or 7.7 Acquisition and ownership of buildings.

Even now, much of our production complies with the main criteria of the environmental objective of limiting climate change by delivering buildings that are at least ten per cent more energy-efficient than is required by the nearly-zero energy building regulations implemented in the EU. In 2022, this applied to 69 per cent of the housing units we started. However, the criteria for doing no significant harm to the other five environmental objectives and the minimum social safeguards remain unclear and open to interpretation.

Refer to Note S8 for Bonava's reporting under the EU Taxonomy.

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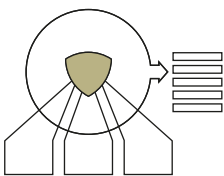
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Happy neighbourhoods for the many



Our overarching purpose is to create happy neighbourhoods for the many. We want to create locations and environments where people thrive, and future generations can grow up and be happy. Bonava’s sustainability agenda is a central part of our strategy. Our sustainability targets – which are linked to customer satisfaction, resource and climate actions, health and safety, and employee engagement – all enable us to achieve our purpose.

Happy Index

To measure the degree of happiness in a neighbourhood, Bonava has developed and established the statistically-guaranteed Happy Index, which makes it possible to compare the degree of happiness among various groups of people, various locations, and various points in time. The measurement of the Happy Index is part of our overall customer satisfaction programme. Beginning in 2022, we have continually monitored the Happy Index for everyone moving into our homes one and three years after occupancy, respectively.

The Happy Index can vary between 0 and 100. According to Bonava, the degree of happiness in Bonava’s neighbourhoods is at a good level, with results between 73 and 82 in the various countries. We can see that the level is essentially the same among customers who moved in both one and three years ago. Read more in Note S5.

Sustainable lifestyle is significant

As of 2022, we are also monitoring customers’ experiences of whether their neighbourhood and home, respectively, promote a sustainable lifestyle. The two measures are called “% Positives Neighbourhood Sustainability” and “% Positives Home Sustainability” and are defined as the proportion of customers who responded with either a 4 or a 5 on a 5-point scale. The measurements are followed up on among the customers one year after occupancy.

Broadly outlined, at least half of the customers in the various countries feel that the home facilitates a sustainable lifestyle; in Latvia, Finland, and Sweden, it is as much as two thirds. It is somewhat less clear for the customers that their neighbourhoods facilitate a sustainable lifestyle. Read more in Note S5.

Customer insights guide our work

Happy Index is also measured in our Happy Quest survey in order to compare the happiness of our neighbourhoods with neighbourhood happiness among the general public. The Happy Quest survey is conducted regularly with a representative selection of the general public in the respective countries to survey what is important for people to feel happy where they live. Using the insights from Happy Quest, Bonava has created House of Happiness, a model for happy neighbourhoods that is used when we develop our neighbourhoods.

Bonava has developed a special Happy Neighbourhood tool, which ensures that we systematically implement our collected insights and know-how of what systematically creates happy neighbourhoods. This concerns, for example, solutions for safe and green outdoor environments, social interaction among neighbours-to-be and a sense of involvement.



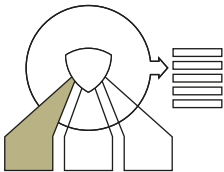
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Embedded environmental respect



Bonava endeavours to reduce its environmental and climate impact throughout the life cycle using resource-efficient residential development. That is why consideration for environmental and climate aspects permeates everything we do.

Bonava has identified three aspects where our impact is the greatest in every link of the value chain. For all of these aspects, it is important that our continuous improvements efforts help combat climate change through reduced climate impact:

Sustainable use of land

Bonava remediates land to make it suitable for housing units, and plans for the protection of biodiversity and other ecological values when previously undeveloped land is claimed. It is crucial for the climate that Bonava creates residential districts with large amounts of green spaces, which have a buffer effect on the climate.

Circular production model with sound materials

The continual endeavour for increased resource efficiency and material selection that facilitates future recycling and ensures healthy indoor environments also reduces emissions of greenhouse gases from production and the transportation of construction materials.

Efficient buildings

By using a life cycle perspective when considering emissions in both production and the operational phase, we reduce the greenhouse gas emissions throughout the buildings' life cycle.

Through sustainability and ecolabelling of its housing units, Bonava safeguards the precautionary principle and contributes to increase the Group's assets that are available for green financing.

Combat climate change

Overall research shows that global warming as a result of human activity constitutes a serious threat to the ecosystems that ensure the conditions for life on our planet. By taking responsibility for our direct and indirect impact, Bonava becomes a real part of the solution for keeping global warming within the Paris Agreement target of 1.5 degrees Celsius.

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Combat climate change

Bonava is the first residential developer in Europe to have established science-based climate targets and to have become a signatory to the Science Based Targets initiative (SBTi) in accordance with the recommendations of the UN Climate Panel. The SBTi follows strict scientific definitions and permits no purchasing of emissions rights or other compensation outside the company's own value chain as a method for achieving the targets. This is one of Bonava's strategic targets, and we have an in-depth overview of our climate impact.

Bonava uses the Task Force on Climate-Related Financial Disclosure (TCFD) method as a key part of our efforts to develop relevant climate targets for our operations.

An overview of this analysis is presented in Note S7.

Emissions – Scope 1 and 2

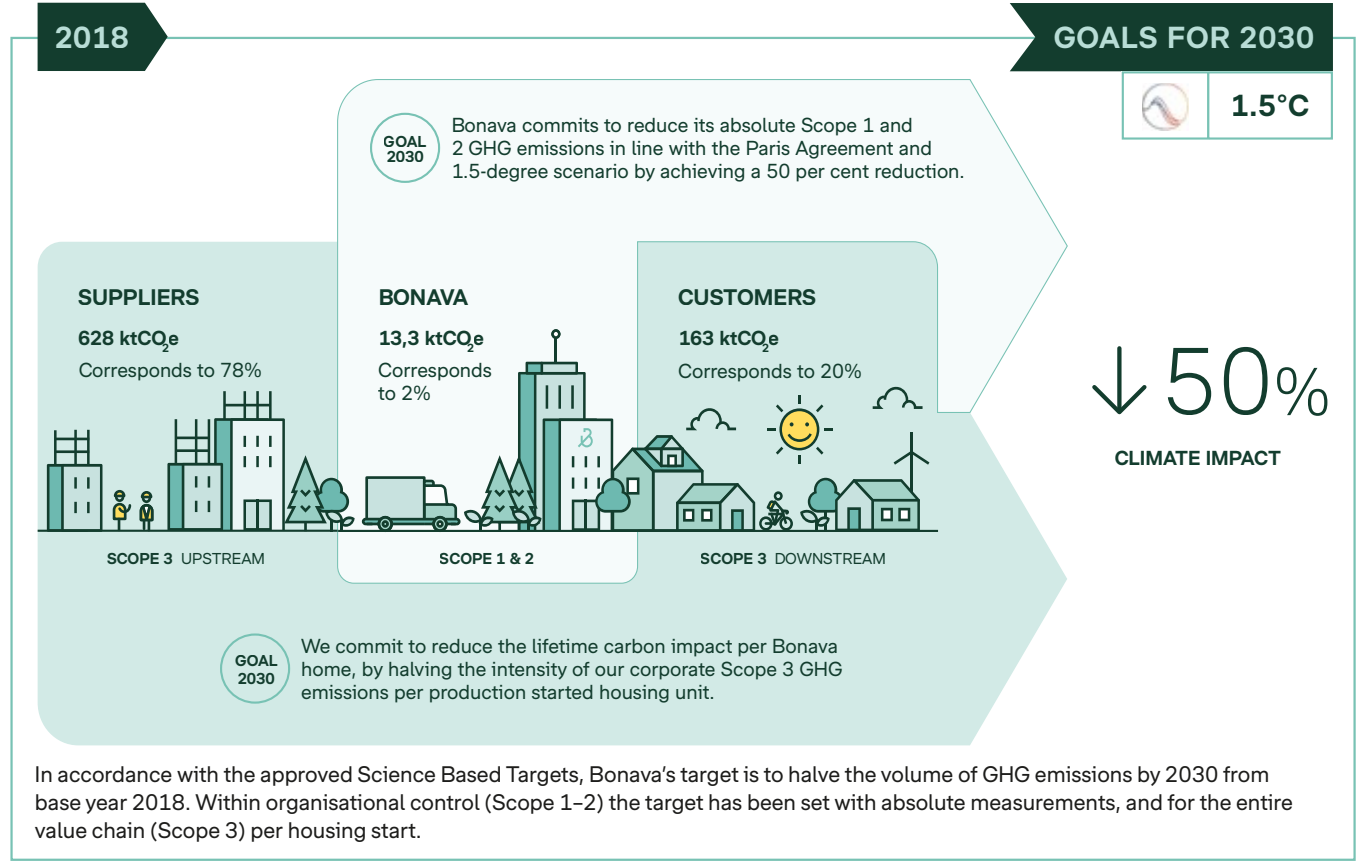
In the climate impact survey, energy was identified as a key issue, and partnerships with energy suppliers as crucial. Bonava has implemented a framework agreement for renewable energy in the Nordic region and Germany. We are continuing to implement our framework agreements and are endeavouring to increase the proportion of renewable energy in Germany by switching from the traditional sources, also on account of the energy crisis. Our internal emissions requirements for our vehicle fleet have also been tightened up, which will expedite electrification and reduce dependence on fossil fuels. As regards vehicles, Finland introduced cycling benefits to support sustainable commuting. In Oslo, there is easy access to electric vehicles for rent in a ride-sharing service that is available to the entire office building. In Germany, the offering of company vehicles has been expanded to encompass several models of electric vehicles.

Climate impact in value chain – Scope 3

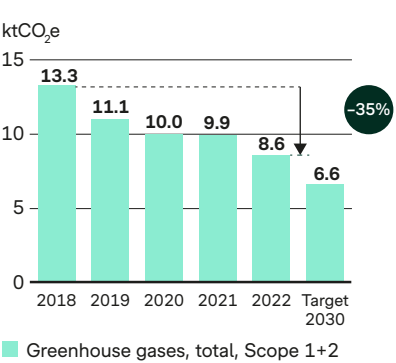
The single largest climate impact for Bonava is the aggregate emissions from all purchased goods and services. The most important issue for us is therefore our efforts toward resource efficiency.

During the year, we continued to work both within the company and with external climate calculation experts on how we can increase the reliability, quality, and monitoring of data in Scope 3, primarily in the category of purchased

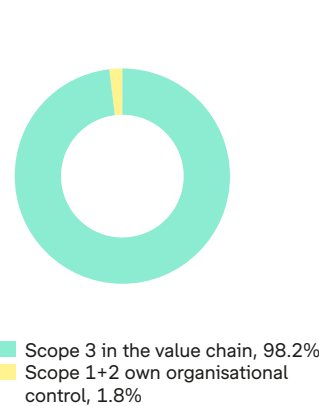
Bonava's science based targets for combating climate change



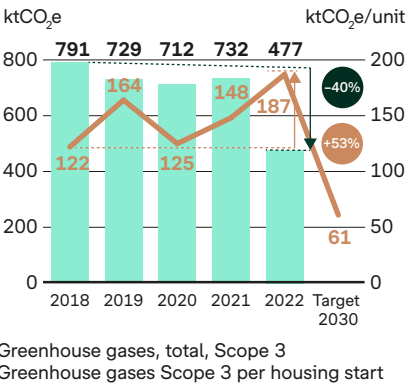
GHG emissions, Scope 1 and 2



Distribution of greenhouse gases 2022



GHG emissions Scope 3, total and per housing start



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goods and services. In practice, it is an issue of a shift in method by basing our emissions on a life cycle assessment (LCA) instead of the cost of purchased goods and services. Making this shift is an ongoing effort. The purpose is to obtain a fairer picture of our climate impact, as well as to be able to govern and work more strategically and forward-looking with major Scope 3 emissions.

The next largest category under Scope 3 is the future climate impact from our buildings after our customers have taken over occupancy. Read more about this under Efficient buildings.

Evaluation and results

For more detailed reporting of greenhouse gas (GHG) emissions in Scopes 1, 2, and 3, as well as intensity, refer to Note S6.

Sustainable use of land

Our climate targets include changing land use as a direct negative climate impact, caused by former green spaces being built up in such a way that the capacity of the ground to capture carbon is impaired. This calculation method is supported by the UN Climate Panel (refer to the Special Report on Climate Change and Land).

Using land in a sustainable way is becoming increasingly important due to its major significance for climate change resilience, and for supporting biodiversity locally. The EU taxonomy for sustainable financing also clarifies the importance of these efforts.

Bonava evaluates the risk of ecological impact prior to decisions on investment. The need for soil remediation is also studied. Where needed, Bonava will remediate land and render it suitable for building homes. Where previously undeveloped land is claimed, the projects are designed to protect biodiversity and other ecological values.

Evaluation and results

Bonava monitors information on sustainable use of land centrally for the entire Group, read more in Note S9. The processes for risk management are assessed in our annual evaluation of risks and risk management.

Circular production model

Natural resources are limited. Bonava aims toward a more circular production model, in which the smallest possible amount of newly-manufactured raw production materials is used. Bonava defines sound materials as sustainable and non-hazardous materials that do the least harm to the external environment, are non-hazardous to the health of the people that handle them, and do not have a negative impact on the indoor environment.

The use of materials also constitutes a significant portion of Bonava's indirect climate impact. Optimising the use of materials is therefore also important for achieving our climate targets.

Evaluation and results

Bonava has produced methods that combine design information in the digital models with information from the project calculations prior to start of construction in order to determine the use of materials also for the markets where not all materials are purchased directly by the company itself. This makes it possible for us to compare the use of materials in different building systems and different geographic markets, and thereby to improve monitoring and identify potential for improvement. Our ongoing digitalisation is a key component of this initiative.

During the year, we expanded the scope of construction materials by including steel, which is used in prefabricated elements; this was not previously reported.

New materials and components are continuously being developed, and legislation does not always keep up. The precautionary principle is therefore central for Bonava. Bonava also regards ecolabelling as an excellent tool for ensuring sound materials, either directly as certification or as a reference against which we can measure our own procedures and requirements for our suppliers. Read more in Note S10.

Efficient buildings

Residential developers, legislators and customers have long devoted considerable focus to the energy consumption of buildings during operation. This is linked with such legislation as the EU Directive on the energy performance of buildings, in which the framework requirement is that the defined level for nearly net-zero energy buildings for each EU

country is to be incorporated into the law and the construction standards for new production of housing units in 2021. The EU taxonomy for sustainable financing will focus further on the operational phase. At the same time, the trend is moving toward an increased share of renewable energy and decreased dependence on fossil fuels in energy systems.

We have long endeavoured to develop the most resource-efficient housing units possible, with good energy efficiency and low water consumption. Adapting our building systems to national environmental and certification standards also creates potential for more efficient utilisation of water resources. Countries do not have comparable definitions or requirement levels for energy use during the operational phase of a building, which complicates comparisons of energy intensity among buildings in different countries.

The extent to which Bonava's housing units will be more energy-efficient than indicated in national construction regulations for new production is assessed and determined within the respective business units, based on the conditions of the respective geographical markets and as part of the action plans for contributing to the SDGs. This includes assessments of national definitions and prevailing regulations for energy performance as well as access to renewable and fossil-free energy.

Evaluation and results

Latvia will equip all its future projects with solar panels, and began implementing this in 2022 for all new projects that had not yet obtained building permits.

Sweden has set solar panels as a standard in a new single-family project. Finland has an objective of achieving energy class A in every future project (class A: kWh/m²/year ≤ 75). The possibility of using geothermal heating in every future project will also be investigated. One of our B2B projects was awarded a BREEAM In-Use Excellent certificate.

We monitor energy intensity per building both in the design phase and after completion in relation to the requirements in the respective building permits, in order to ensure that the energy performance target is achieved. Refer to the results for energy intensity as energy requirements per area heated, in accordance with the respective countries' definitions in the construction regulations, in Note S11. 69 per cent of the housing units we began to construct during the year are at least 10 per cent more energy-efficient than the requirements in the respective building permits.

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Sustainability labelling

Our primary method at present is packaging our offering to both customers and financiers through ecolabelling. Bonava applies sustainability labelling and certification, either directly or as a benchmark for internal processes and requirements. All projects undergoing production starts in Sweden and all new production starts in Norway are to be Nordic Swan ecolabelled, if local authorities or customers do not require other certification. In individual cases, DGNB or BREEAM certification will be used.

For us, Nordic Swan ecolabelling is the most suitable label because it is a well-known consumer label that covers the most relevant measures and facilitates licensed ecolabelled production.

The EU taxonomy

As of 2021, Bonava monitors an indicator that is intended to increase available assets for green financing through our sustainability initiatives. Targets for ecolabelling for all new projects apply to Sweden and Norway. In our largest market, Germany, there is no equivalent to the Nordic Swan, which facilitates licensed ecolabelled production at the procedural level and efficient control programmes on site. In Germany, our efforts are based on our own third-party verified procedures for the environment (ISO 14001), work environment (ISO 45001) and quality (ISO 9001). Together with the technical criteria of the EU taxonomy, this opens up the possibility of the assets being used for sustainable financing going forward.

Bonava is monitoring ongoing developments that involve eco-labels being adjusted to the EU Taxonomy in order to increase their relevance.

Evaluation and results

Target achievement is followed up annually in the Executive Management Group and the Board of Directors. Bonava’s Sustainable Financing Committee validates and follows up at the project level on a quarterly basis. The framework means that Nordic Swan ecolabelling comprises the main criterion for nominating sustainable assets.

The tables on the right show Bonava’s implementation of eco-labelling and certification at the construction level.

The target for 2022 was to maintain 100 per cent ecolabelled production starts in Sweden and Norway, and to increase the proportion in other markets. Norway did not achieve the target, since a sale of apartments was brought forward and certification did not get finished in time.



Product information and labelling

Housing starts	Share of ecolabelled housing units, %		
	2022	2021	2020
Sweden	100	100	100
Denmark	N/A	N/A	100
Norway	34	59	0
St. Petersburg	N/A	100	100

N/A = Not Applicable

Completed housing units	Share of ecolabelled housing units, %		
	2022	2021	2020
Sweden	100	100	67
Denmark	100	100	28
Norway	0	0	0
St. Petersburg	74	100	100

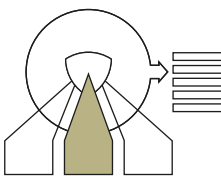
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People-centric culture



Bonava always takes a people-centric approach. We focus on our customers, employees, suppliers and the entire neighbourhood in our projects – from planning to completion. Sound homes and safe workplaces are a high priority. A key condition for creating happy neighbourhoods – and for Bonava’s success – is committed employees.

Three themes in health and safety have been identified as part of the continued initiative:

Health and safety

With proper routines and a strong focus on both health and safety, Bonava will reach many more people than just directly employed staff, especially in the markets where the industry otherwise has not prioritised health and safety as highly.

Value-driven workplace

Through robust initiatives to build up a culture and focus on taking care of our employees and allowing them to grow, Bonava contributes to society by setting an example and facilitating development.

Diversity

Through initiatives for diversity, Bonava can reflect the communities we operate in while more people are given the opportunity to be part of and promote our culture.

Health and safety

Working on construction sites continues to be associated with risks. Reducing these risks requires preventive work as well as efforts to strengthen the corporate culture.

Hazard identification, risk assessment, and incident investigation

It is important for Bonava to be aware of, assess and manage the risks and hazards that could negatively impact the health and safety of our own staff and that of our contractors. We therefore work on an annual basis with comprehensive risk assessments in conjunction with projects where major changes are being made, as with project where particularly risky work will commence. Risk analysis is a part of the basis for decisions in projects. Risk analyses are always preventive in nature in order to assure the appropriate choice of activities and protective measures and for reducing the risk level. Contractors are invited to take part in safety inspections and are encouraged to routinely report risks, incidents and injuries.

Risks are identified and managed preventively and routinely through risk observation reporting, monitoring of the work environment by the managers responsible, and safety inspections. The risks are assessed in BIA, Bonava’s system support for health and safety, in order to prioritise initiatives in areas with higher risk. We consider proactive health and safety initiatives to be so important that they comprise part of the management’s performance-based evaluation.

For purposes of follow-up in this regard, investigations are conducted for the purpose of identifying root causes, and ensuring that measures are taken as a result of incidents. One area of focus in 2022 was the further development of the process for managing and investigating all serious incidents so as to introduce a structured global process that is built on problem-solving and continual improvement. This is done to increase the quality in the root cause analysis and to identify the correct problem to solve over both the short and long term, but above all to put a focus on learning from what went wrong and what was done right. Incidents are monitored



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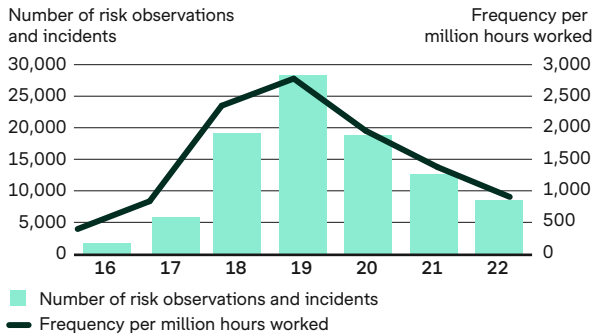
through BIA. Incidents are occurrences that could have resulted in injuries, but did not. The systematic work of identifying and investigating risks and incidents in order to improve routines and working practices before someone injures themselves is key to creating safer workplaces. The fact that many risks and incidents are reported is therefore positive. The focus in 2022 was on continuing to work with openness and confidence as well as increased awareness around why we encourage the reporting of incidents. In particular, the focus was on ensuring that serious incidents are reported. Refer to the diagram below.

We also disseminate serious incidents through “Safety Alert” dispatches for learning throughout the Group and present the lessons learned in global health and safety forums as well as production and design manager forums so that all business units can identify and act on similar risks in their own operations.

Bonava’s crisis management initiatives during the year included monitoring contingency planning in the respective business units, coordinating efforts linked to the war in Ukraine and our operations in St. Petersburg, and further development of the Group’s crisis team through training and updated procedures.

Bonava also applies a tool we call “Time-Out”, which allows people to stop and correct their work in the event of unsafe or unhealthy situations or behaviour. The executive

Reported risks and incidents



The graph shows the number of risk observations and incidents per year (bars) and their frequency per million hours worked (line). Germany and Finland report risks in separate systems and are not represented in this graphic. Read more in Note S12 under Additional disclosures on health and safety.



management group supports this initiative, and we are continually engaged in making sure that everyone remains observant and comfortable with using this officially sanctioned tool. If a time-out is needed, the goal is for everyone to use it.

The initiative for a global digital notice board, accessible to all employees and where all of the general health and safety indicators and targets are published, continued in 2022. Data is transferred directly from the BIA reporting system that is updated on a daily basis, which has led to increased quality assurance of data. Additional efforts were made in 2022 for quality assurance of health and safety reporting. Implementing a reporting portal that is integrated with the global notice board will permit the inclusion of supplementary health and safety data – for example, the number of hours worked used in calculating LTIFR. The monthly date for reporting data has been adjusted to be in line with the financial calendar.

Work environment

Health risks such as stress levels and the possibility of recovery are monitored at the company and Group level through the comprehensive Passionate Workplace employee survey and accompanying workshops. Parts of the organisation conduct annual safety audits and risk assessments in their respective divisions, and these are also monitored at unit meetings during the year.

The health and work situation of individual employees is monitored through the performance and development process. In addition, key metrics such as sick leave are continually monitored.

Occupational health and safety management system

Bonava’s standard for occupational health and safety management was developed in accordance with ISO 45001 and contains most of the requirements in the international standard. Bonava’s occupational health and safety initiatives pertain to the Group’s entire business model from land acquisition, design and production to customer service. In 2022, Bonava worked in its business units on improving health and safety risks and opportunity analyses in various decision-making elements of the business model. When we purchase design and production services from external contractors, their management system applies provided that the terms of the contract and legal requirements are complied with.

Worker participation, consultation, and communication on occupational health and safety

Occupational Health and Safety Committee meetings are held with participants representing both the employer and employees. Health and safety is addressed in collective agreements in the geographical markets where they exist.

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Health and safety training

Based on role, risk assessment and responsibility, courses in health and safety are mandatory for both our own staff and that of our contractors. A health and safety introduction is provided before entry into Bonava's construction sites.

Every year, an Awareness Event is held for all staff and contractors at construction sites offices under the management of Bonava in order to increase awareness and understanding of our health and safety initiatives, our ambition, and how we can all do our part. For 2022, this event was developed from its previous one-day format to a full week, and was held as a combination of online and on-site events. This year's theme was psychological safety, with the ambition for everyone to learn about the importance of heath and safety initiatives, what that means, and how we can work with these in a purely practical manner.

In conjunction with the World Day for Safety and Health at Work, we called attention to our revised strategy and vision for health and safety in order to highlight what we mean by actively ensuring a good work environment for everyone, everywhere, and everyday, and how each of us can do their part. Local activities were arranged in which several people, including the Executive Management Group, shared personal health and safety commitments.

Promotion of worker health

The improvement initiatives of every business unit in health and wellness, and social work environment factors, are documented and followed up on as part of the Everyone plans of the respective business units. As part of this programme, employees are offered health check-ups, and health and wellness are encouraged through group health-promoting activities organised during and outside work hours. For privacy reasons, Bonava avoids storing health-related information about its employees. This is why documents such as doctor's certificates are managed by payroll contractors, and not by Bonava directly.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

As part of our supplier requirements, Bonava requires that our suppliers – not just those who will be present at Bonava's construction sites – engage in systematic occupational health and safety work.

High-risk areas that have been identified in Bonava's operations include work at heights, heavy lifting with cranes and working with heavy machinery. The goal is to identify, in the procurement phase, which purchases can be associated with these risks. Requirements concerning a safe work environment that are linked to specific risks are imposed on suppliers and monitored through collaboration over the course of the work. Joint supplier requirements for heavy lifting were developed in 2022 and were implemented in the business units' local procurement process for relevant services such as procurement of cranes. A Group-wide initiative was also conducted in 2022 to identify third-party risks for Bonava in work environment and safety, as well as in the environment and in social responsibility.

Workers covered by an occupational health and safety management system

All employees are covered by Bonava's standard for occupational health and safety management, with possible exceptions for employees in investment projects where the investor's health and safety requirements may take priority.

Governance

Bonava has previously adopted a long-term vision for health and safety, which was revised in 2021 for implementation in 2022 in order to further clarify the importance of proactive efforts to ensure a safe and healthy work environment for everyone – employees and contractors – everywhere in Bonava, and to ensure this work is done every day. Simply put: Everyone should go home safe and sound, every day. The focus is now on actively creating conditions for a safe and healthy workplace with clearer ownership in the respective business units through local health and safety plans – "Everyone plans".

Three themes in health and safety have been identified as part of the continued initiative:

- 1 Leadership – culture with consideration as a driver.
- 2 Proactive work through a systematic and standardized approach by integrating health and safety into all parts of our operation.
- 3 Learn from both incidents and what we did right, with a focus on reducing serious incidents.

Two updated long-term company-wide KPIs have been adopted for the strategy period up through 2026:

- 1 Everyone plan: fulfilment >90%, with clearer ownership in the respective business units, clarification of activity delivery and the fact that they pertain to improvement initiatives, as well as a reinforced procedure concerning development and monitoring. Improvement activities are linked to the three health and safety themes that have been developed.
- 2 Severity reduction >50% is a further development of the previous target for LTIFR reduction. Focus is being shifted from injuries leading to absence (LTIFR) to reducing the number of serious incidents that include both injuries and incidents based on actual or potential consequences under Bonava's definition of serious incidents. The target is to reduce serious incidents by half by 2026, compared with the 2022 level.

For 2022, each business unit identified relevant activities for improvement that were included in the respective Everyone plans. The new KPI linked to serious accidents was implemented and the number was monitored on a monthly basis in 2022. One focus has been on ensuring that incidents are reported, which will continue to be a focus going forward.

The same requirements are imposed on contractor staff as on our own staff in order to protect health and safety for everyone connected with Bonava's work sites. Examples of rules that must be followed include securing information on who is permitted entry into the workplaces and ensuring that these people have the correct authorisations, using complete and correct personal protective equipment, and documenting risk assessments prior to hazardous tasks. Safety instructions have been made available in a way that eliminates any potential confusion due to language, for example, through Bonava's Silent Book, which illustrates safe working methods without using words.

Evaluation and results

The Board and Executive Management Group monitor progress on a continual basis, including how the health and safety plans – the Everyone plans – are being fulfilled, as well as risks, serious incidents and injuries that have been identified. Reports are submitted on a monthly basis to executive management including all Business Unit Presidents, as well as to the Health & Safety Council and Bonava's Health and Safety network for design and production managers.

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Engagement is the foundation

Engaged employees are central to Bonava’s continued success, and employee engagement is a strategic issue for us. The Engagement Index and the Employee Net Promoter Score (eNPS) loyalty metric are Bonava’s most important employee-related indicators. During the year, we chose to highlight the most crucial of these, employee engagement, as an overall goal. The Engagement Index is built on several questions developed by Brilliant Future, our partner for employee surveys. Beginning in 2022, the target has been for Bonava’s results to be among the top 10 per cent of companies. The benchmark is based on approximately 500,000 responses from over 200 organisations in the Nordics and internationally.

Our annual Passionate Workplace employee survey follows up on this and other aspects related to labour conditions at Bonava for the entire company. Strengths and areas for improvement are identified in the departmental evaluations, in which activity plans are drawn up and then monitored during the year.

Because Bonava operates in markets in various countries, active efforts to strengthen our employees and the corporate culture are important. In late 2022, we implemented a Group-wide initiative to identify and firmly root our values. During this process, we identified new values that will be launched in 2023. Our culture and our values are supported by a network of internal ambassadors.

In order for every individual at Bonava to have the opportunity to grow, an environment that encourages positive performance and achievements is needed as well as opportunities to learn and develop under good leadership. Employee performance and development are monitored and coached in direct dialogue through a structured process in which each employee has a monthly review with their immediate supervisor

in order to monitor the goals that were set at the start of the year. In addition, more in-depth reviews of mutual expectations, goals and development plans are conducted several times a year. During the year, we worked to enhance efficiency and user-friendliness in the system support we implemented during the previous year in order to monitor employee performance and development.

Starting this year, ownership of leadership and competence development lies within the respective business units, and several local initiatives were under way during the year. In 2023, Bonava will conduct a review of leadership development to see whether there is a need to supplement the local initiatives with a Group-wide programme.

Evaluation and results

Engagement

The results from the Passionate Workplace employee survey showed continued high levels of commitment during the year even though there is further work to be done before the goal for 2022 and onward is achieved. The limit for ranking among the top 10 per cent of companies with the highest commitment index for 2022 was 87; Bonava’s result for 2022 was 85.

The analysis shows stable, generally good results with continued high levels as regards commitment, leadership and team efficiency. A negative trend for collaboration within the respective work teams was noted during the year. With the work on the revised strategy during the year in mind, we are very proud of these results.

Employee willingness to recommend Bonava as an employer (eNPS) also increased somewhat and remained quite high compared with the global benchmark.

Percentage of employees receiving regular performance and career development reviews

Bonava’s system for monitoring development plans shows that 49 per cent (42) of all employees have their personal development plans implemented. Starting in 2022, we define completed performance and development reviews in contrast to previously, when the data could consist of half-year reviews or year-end reviews. The 2022 data pertains to the results of the preceding year as the results are ready in March of the subsequent. In the annual employee survey, 84 per cent (76) of respondents said they had had performance reviews during the preceding six months. This is monitored solely at an overall level to determine whether there is a need to remind managers, and we therefore do not have this information broken down by gender and occupational category.



Commitment and loyalty

	2022	Benchmark	2021	Benchmark	2020	Benchmark
Engagement index	85	80	85	80	84	79
eNPS ¹⁾	33	16	32	14	27	11

¹⁾ eNPS = Employee Net Promoter Score, the willingness to recommend an employer.

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Diversity

Bonava aims to serve as an example when it comes to diversity, with the goal of ensuring access to a broad recruitment base so that Bonava can attain its purpose: creating happy neighbourhoods for the many. Bonava endeavours to be a welcoming workplace characterised by diversity and a focus on collaboration. Our Code of Conduct emphasises that Bonava stands for equal opportunities regardless of gender, transgender identity or expression, ethnic origin, religion or other beliefs, disability, sexual orientation or age. The degree of our success in achieving this is monitored in the Passionate Workplace annual employee survey.

One of the most important things we do to create diversity is that we always make use of competence-based recruiting. This means that on the basis of job description, we identify which competences are required. These competences form the foundation of the entire procedure. The candidate with the highest level of the right competencies is the one offered employment. We also often make use of competence and skills tests to ensure an objective assessment.

We also conduct regular salary surveys to determine whether salaries are equal, and have a procedure for salary adjustment in addition to the normal annual salary review.

Bonava’s various business units offer job experience and apprenticeship programmes to students, as well as mentorship programmes. In Germany, for example, we have a programme in place that supports the integration, development and training of young refugees with the aim of offering employment at Bonava. Employees in Sweden are invited to participate as mentors in the “Mitt Livs Chans” programme, a mentoring programme intended to be a bridge to the Swedish labour market for skilled immigrant labour. Through active skills development and internal recruitment for management positions, we set a good example and ensure that our entire pool of employees achieves its full potential so that Bonava’s organisation becomes as effective and as dynamic as possible.

Evaluation and results

The annual Passionate Workplace employee survey asks whether all employees at Bonava felt that they had equal opportunities and obligations regardless of gender, gender identity or expression, ethnicity, religion or other outlooks on life, disability, sexual orientation or age.

Bonava’s result for 2022 was 89 per cent, as against the comparison index of 88 per cent in the survey.

For further information, refer to Note S14. Refer also to Note S13 for information on employees and S15 for employees covered by collective bargaining agreements.



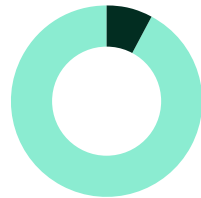
One of the most important things we do to create diversity is that we always make use of competence-based recruiting.

Salaried employees, 2022



● Women, 43%
● Men, 57%

Skilled workers, 2022



● Women, 8%
● Men, 92%

Board of Directors, 2022



● Women, 43%
● Men, 57%

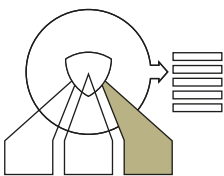
Executive Management Group, 2022



● Women, 44%
● Men, 56%

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Governance for high performance



Development of housing units and residential districts is a central component of every community, and maintaining trusting relationships with many different parties. Bonava’s operations must be conducted with a high degree of business ethics and proper transparency. Good governance is a condition for achieving all our goals regardless of whether they are linked to profitability, health and safety, customer satisfaction, resource and climate actions, or employee engagement.

Bonava has identified the following three aspects where our impact is the greatest:

<p>Compliance</p> <p>By training our employees and continually auditing ourselves, we ensure compliance with laws and regulations, our own values, and all the principles of external frameworks that we have pledged ourselves to.</p>	<p>Responsible supply chain management</p> <p>By setting the same requirements for our suppliers as for ourselves as regards fundamental principles on human rights, safe working conditions, environmental protection and anti-corruption, Bonava can promote many of the UN Sustainable Development Goals.</p>	<p>Transparency</p> <p>By developing such indicators and transparently reporting them, Bonava promotes the development of new ways to measure progress.</p>
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Compliance

Developing city districts and housing units involves contact with various stakeholders such as customers, suppliers, employers, and public authorities as well as shareholders and banks. A high degree of business ethics is a condition for sustainable global development. Shortcomings can lead to risks to people, the environment, and society. Bonava’s ability to operate in the market is dependent on the confidence of its stakeholders. Predicting risks and being proactive in preventing them is also crucial to the company’s brand and profitability.

The key policy document for Bonava’s sustainability initiatives is the company’s Code of Conduct, which is based on the principles for compliance in the UN Global Compact. The Code of Conduct clarifies responsibilities in relation to values

and principles for human rights, fair labour conditions, the environment and anti-corruption. All employees, and others who represent – or perform work for – Bonava, are covered by the Code of Conduct, including suppliers covered in Bonava’s supplier requirements. The Code of Conduct works together with our Sustainability Policy and ensures the application of the precautionary principle and the principle of continuous improvement. The Code of Conduct, like all our other policies, is revised annually and adopted by the Board.

Governance

Bonava’s internal regulations and procedures are defined in the Code of Conduct, in all of the company’s policies and its business management system. Bonava’s procedures for

internal control of risks and compliance are important for retaining confidence.

Bonava’s compliance programme includes training modules and various tools to help employees make the right decision. Ethical guidelines provide support concerning how issues such as entertainment, personal gifts, conflicts of interest and competition legislation are to be managed in an ethically correct manner. Bonava also has around 20 specially selected ethics advisers, and they are in all business units and central Group functions. They have access to legal competence and a specific forum for consultation. All employees of Bonava are encouraged to contact an ethics adviser as soon as any uncertainties arise regarding what is the correct action to comply with Bonava’s values and Code of Conduct. Raising

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the alarm about potential irregularities is encouraged as a way of helping the company, and anyone who does so has the expressed support of Bonava's top management. Whistleblower protection is regulated in the Code of Conduct.

Bonava's SpeakUp system, a whistleblower function, makes it possible for employees and persons outside the company to anonymously report suspected deviations. This may be done online or by telephone. The system is run by an independent service provider. Deviations from the Code of Conduct and policies that are reported via the whistleblower function or other channels are investigated in accordance with an established procedure that determines who will be the responsible investigator based on the nature of, and the people involved in, the situation in question. If the investigation shows an actual deviation, measures are established that, depending on the degree of severity and existence of intent behind the deviation, could include everything from amended internal routines to formal warnings, termination of employment and/or a police report.

Bonava manages its financial and non-financial risks using an integrated procedure with a Risk Committee that is led by Bonava's Group Head of Risk & Compliance and includes the CFO, Group Head of Legal, and Group Head of Strategy. Every year, the Risk Committee creates an annual cycle in which all risks are examined ahead of the materiality analysis. All business units, and the central Group functions, are involved in assessing the company's control functions for managing risks. Long-term risks are evaluated as part of the annual review of Bonava's sustainability agenda. The illustration in Note S7 shows examples of scenario analyses for long-term climate risks.

Communication and training in anti-corruption policies and procedures

All of Bonava's employees undergo online ethics training that includes guidance on anti-corruption and avoiding conflicts of interest. This is followed up on a quarterly basis to ensure that new employees do not miss this step of the

onboarding process. In 2021, Bonava launched a new training format for group discussions that replaced the earlier onsite ethics training sessions that were led by the ethics counsellors. This provides opportunities for discussions and practical experience in handling ethical dilemmas. The group discussions are led by the respective line managers. The foremost advantage of the new format is the direct interaction between managers and members of the work teams as regards the importance of ethical conduct. Moreover, this facilitates a greater frequency of training as well as increased awareness of these issues in the organisation through briefer but more frequent training sessions. Each team must undergo training of this kind on a yearly basis.

The ethical guidelines are presented and communicated on the intranet. There are notice boards at Bonava's work sites that are used to convey information about the Code of Conduct, ethical guidelines, and the company's values.

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Responsible supply chain management

Bonava partners with a large number of suppliers in the markets where we are active. These include contractors, service suppliers, and materials suppliers. Healthy, responsible partnerships are crucial to our strategy and to reaching several of the targets in our sustainability agenda, especially the climate targets. Risks in the supply chain pertaining to issues such as human rights, labour rights, environmental protection, and corruption could lead to people, the environment, and society as a whole being adversely impacted.

Bonava imposes Group-wide requirements that all suppliers must meet. To qualify as a Bonava supplier, Bonava's supplier requirements must be met. This includes requirements for systematic environmental and health, safety, environment and quality (HSEQ) work and compliance with the UN Global Compact in the form of Bonava's requirements regarding acceptable salary levels, working hours, and paid holiday, as well as requirements for responsibility for human rights, anti-corruption and tax payments. Suppliers must also meet our requirements regarding documentation and provide Bonava with opportunities to inspect their operations. Bonava's supplier requirements also encourage suppliers to raise an alarm directly with the company or through SpeakUp, our whistle-blower system, if they believe Bonava or any of its employees are violating the Code of Conduct.

We are continually developing our purchasing procedures so as to achieve good governance and control of the supply chain for the long term. Changes were made in 2021 to the purchasing organisation, and starting this year the respective business units have been responsible for purchases in the local market. The framework concerning responsible supply

chain management was transferred to the business units during the year. This ensured our capacity for managing any discrepancies promptly. Focus is on in-depth review of specific risks. In 2022, Bonava completed a comprehensive analysis of risks for third parties, for example, the risk of forced labour that is deemed to be greatest in the markets where temporary foreign labour is frequently used. The purpose is to map the foundation for a Group-wide risk strategy for third parties, which will be developed in 2023. In this initiative, based on the gap analysis that was conducted, Bonava will identify and ensure that due diligence processes and any other mechanisms are in place and encompass aspects such as the environment and human rights so as to ensure that Bonava complies with laws and regulations such as the UN Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises.

Evaluation and results

In 2022, 96 per cent of all suppliers who signed new contracts were approved based on Bonava supplier requirement review.

Transparency

The demand among internal and external stakeholders for relevant indicators to monitor sustainable development is steadily increasing. Bonava's Happy Index is one example of an indicator that we have developed in order to better understand the significance of the design of a residential area for society. For evaluation and results, refer to Note S19.

New contracts signed during the year, with approved Bonava supplier requirement review

	2022		2021		2020	
	Number of reviews	Share of total value, new contracts, %	Number of reviews	Share of total value, new contracts, %	Number of reviews	Share of total value, new contracts, %
Nordics ¹⁾	770	100	396	100	786	97
Germany	1,310	100	833	100	1,381	100
St. Petersburg and the Baltics	611	92	125	100	691	96

¹⁾ Sweden, Finland, Denmark and Norway.



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Sustainability notes

S1Sustainability reporting policies

This is Bonava’s sixth annual Sustainability Report. It forms part of Bonava’s Annual Report and has been prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021. The locations of the Sustainability Report disclosures in the Annual Report are indicated in the GRI and UN Global Compact index; refer to pages 148–151. The statutory Sustainability Report is found on pages 3–31, 51–52, 66–68 and 110–147. The Sustainability Report is issued by the Board of Directors and, in accordance with a decision by the Board, is reviewed and authorised by independent external sustainability auditors; refer to page 152.

The report includes all of Bonava’s units and covers the full-year period from 1 January to 31 December 2022 and, unless otherwise indicated, this report covers the same period as the financial reporting. Bonava’s Sustainability Report for 2022 was published on 13 March 2022. For the contact person for questions concerning this report, refer to note S21.

S2Changes in reporting

In previous years, parts of the climate report were based on preliminary disclosures from suppliers, which meant that final climate reporting was published through the CDP. This year, we report for the majority of our emissions sources on the last twelve months, from December to November, which means that we have definitive climate reporting in the 2022 Sustainability Report. Read more in note S6.

The strategy revision in 2021 led to reorganisations that are described further in the Sustainability Report and the Corporate Governance Report for the material issues concerned.

On 3 March 2022 Bonava communicated the decision to wind-down its operation in St. Petersburg. In December, Bonava delivered its last project in Denmark. This Sustainability Report includes both of these business unit in its data coverage since they remain under Bonava’s control unless otherwise indicated.

S3Materiality analysis and Stakeholder dialogue

Bonava bases its sustainability agenda on regular analysis and review of our material sustainability issues. The analysis starts from our Group-wide monitoring of business environment factors in various relevant areas, as well as of current or impending changes in our own operation. On this basis, we analyse the need for changes among our material issues and identify needs for adjustments, additional issues and/or issues that are no longer relevant. This process involves several internal functions and units in Bonava, various external stakeholders and industry associations, subject matter experts, and other key individuals who can assist Bonava with quality assurance of the analysis. Using this documentation, Bonava establishes the content of the report.

In 2022, Bonava conducted a review of its sustainability agenda and its material issues in order to adapt the analysis to the updated requirements in the GRI Universal Standards 2021. The project ran during the first half of the year. It was inaugurated with an analysis of the impact of Bonava’s operation on the environment, health and safety, and society including human rights. For the analysis to encompass those specific areas where the impact could be of significance for global sustainable development, Bonava’s analysis was based on the impact from the UN’s Agenda 2030 and the Sustainable Development Goals (SDGs). This took place in a process that involved various functions and units in Bonava. Several workshops were held at different stages during the project. All of Bonava’s operation was analysed according to the negative and positive impacts the operation has, or could potentially have, on all interim targets in their various dimensions and perspectives. The results were graded on a scale from 1 to 5, where 5 was deemed as having the greatest impact. This result was then checked with various stakeholders in various ways to quality assure the analysis. Stakeholder groups that participated were primarily customers, suppliers and contractors, investors, analysts, representatives of government authorities, and employees. Representatives for these groups participated in dialogues and through meetings, surveys and more in the countries where Bonava has the overwhelming portion of its operations. In addition to stakeholders, the conclusions of the analysis were also checked with certain experts. The documentation from these dialogues was then added to the analysis. Subsequently, the areas were assigned a weighted priority and documentation for decisions was produced. The review resulted in Bonava being able to confirm the current strategy, with the integrated sustainability agenda and the general ESG aspects. No changes were thus made to the focus areas or the sustainability agenda after the review.

Bonava also conducts routine dialogues with our most important stakeholders. This dialogue continued during the year. The importance of the various stakeholders relates to how they are impacted by Bonava’s operation, and how Bonava is impacted by the stakeholder and its needs. To gather customer insights, we interact with our customers primarily as part of our housing projects, through customer surveys and through focus group dialogues. We have regular contact with investors and analysts through interim reporting, shareholders’ meetings, and capital markets days as well as other meetings and presentations. We conduct dialogues with major existing shareholders and potential investors as well as banks, for example, in conjunction with green lending and new green bonds. Bonava is also in close contact with its suppliers, including through dedicated supplier meetings. We also work in close collaboration with public authorities, mainly within the framework of housing projects, in connection with referral procedures and through industry organisations. The most important dialogue with employees takes place in day-to-day activities and regular meetings regarding development and performance planning as well as in employee surveys. Stakeholder dialogues are one part of the regular development of procedures for continual improvement.

In addition to the above, exchanges of information with investors, sustainability analysts at banks and external sustainability rankings are important since they help to ensure that we report relevant indicators. The meetings and interviews held during the year confirmed that investors and banks agree that we are prioritising the right topics for our sustainability agenda and continued progress. External ESG rankings during the year confirmed that Bonava’s identified sustainability agenda and activities are relevant from their perspective as well.

Bonava’s material issues are listed on page 111. For a description of how governance and methods are developed in order to utilise insights from the stakeholder dialogues, refer to the respective focus areas.

Bonava chooses to recognise tax (refer to Note S17) even if it has not been identified as a material issue.

The results of the Happy Quest surveys we have conducted to date also correlate closely with the conclusions in the materiality analysis. Read more about the conclusions in Bonava’s latest Happy Neighbourhood report at bonava.com.

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S4 Memberships in external initiatives and organisations

Bonava is a member of the UN Global Compact, Transparency International Sverige's Corporate Supporters Forum and the Swedish Standards Institute (SIS).

Bonava in Sweden is a member of the Sweden Green Building Council and supports the Construction and Civil Engineering Sector Roadmap for a Fossil Free Sweden. Bonava in Sweden is also a member of Sweden's Håll Nollan organisation and the Swedish Safety Culture Network (SÄKU). Bonava is also a partner of the organisation Mitt Liv in Sweden, a community-driven company that works for a more inclusive society and a labour market that values diversity.

Bonava in Finland is a member of the Green Building Council Finland. In Norway, Bonava is a member of Norsk Eiendom, which is an industry organisation that works with entities such as the government and industry in order to accelerate the green transition.

Bonava in Germany is a member of industry organisations including Bauindustrieverbad, which develops standards and is engaged in innovation to respond to challenges in sustainability, environmental protection, and climate change. Bonava in Germany has representatives on the board of directors, and in the sustainability network, of the Region Öst industry organisation.

Bonava Lithuania participates in Zero Tolerance for Corruption initiative and Initiative Mission Zero, which deals with safe workplaces.

S5 Happy Index

Happy Index, 3 years and 1 year

	2022 (3 years)	2022 (1 year)
Sweden	79	79
Germany	73	80
Finland	80	79
Denmark	N/I	N/I
Norway	N/A	N/A
St. Petersburg	N/I	N/I
Estonia	N/A	N/A
Latvia	78	82
Lithuania	N/I	N/I

N/I = No Information
N/A = Not Applicable

Happy Index

To measure the degree of happiness in a neighbourhood, Bonava has developed and established the statistically-significant Happy Index, which makes it possible to compare the degree of happiness among various groups of people, various locations, and various points in time. The measurement of the Happy Index is part of our overall customer satisfaction programme. Beginning in 2022, we have continually monitored the Happy Index for everyone moving into our homes one and three years after occupancy, respectively.

The Happy Index can vary between 0 and 100. The degree of happiness in Bonava's neighbourhoods is at a good level, with results between 73 and 82 in the various countries. We can see that the level is essentially the same among customers who moved in both one and three years ago.

There is no information for 2022 for Denmark and St. Petersburg, since Bonava has stopped taking measurements in these countries. 2022 was the first year with new customers who had moved into homes in Lithuania, and no historical data is therefore available. The results are presented only for business units with over 30 respondents, which means that data from Norway and Estonia is not presented.

Home and Neighbourhood Sustainability 2022

%	Positive Home Sustainability	Positive Neighbourhood Sustainability
Sweden	71	57
Germany	49	40
Finland	66	47
Denmark	N/I	N/I
Norway	N/A	N/A
St. Petersburg	N/I	N/I
Estonia	N/A	N/A
Latvia	67	58
Lithuania	N/I	N/I

N/I = No Information
N/A = Not Applicable

Home and Neighbourhood Sustainability

As of 2022, we are also monitoring customers' experiences of whether their neighbourhood and home, respectively, promote a sustainable lifestyle. The two measures are called "% Positives Neighbourhood Sustainability" and "% Positives Home Sustainability" and are defined as the proportion of customers who responded with either a 4 or a 5 on a 5-point scale. The measurements are followed up on among the customers one year after occupancy.

At least one half of the customers in the various countries feel that the home facilitates a sustainable lifestyle; in Latvia, Finland, and Sweden, it is as much as two thirds. It is somewhat less clear for the customers that their neighbourhoods facilitate a sustainable lifestyle.

There is no information for 2022 for Denmark and St. Petersburg, since Bonava has stopped taking measurements in these countries. 2022 was the first year with new customers who had moved into homes in Lithuania, and no historical data is therefore available. The results are presented only for business units with over 30 respondents, which means that data from Norway and Estonia is not presented.

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S6

Greenhouse gas emissions, Scopes 1–3; GHG emissions intensity

Results, scopes as defined for Bonava’s science based targets in line with the 1.5 °C scenario, base year 2018

	2022			2021 ³⁾			2020		
	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)
Scope 1 ¹⁾	3,569	0.21		3,086	0.20		3,209	0.19	
Scope 2 ²⁾	5,052 (6,809)	0.31		6,801 (7,372)	0.44		6,830 (7,154)	0.40	
Scope 3	477,171	29.4	187.0	731,520	47.2	147.6	711,930	41.9	124.7

	2019			2018 ³⁾		
	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)	GHG emissions (tCO ₂ e)	Economic intensity, per sale (tCO ₂ e/SEK M)	Physical intensity, per production start (tCO ₂ e)
Scope 1 ¹⁾	4,114	0.27		4,996	0.36	
Scope 2 ²⁾	6,961 (6,555)	0.45		8,275 (7,337)	0.59	
Scope 3	729,019	47.1	163.8	791,239	56.5	122.1

1) Biogenetic emissions, tCO₂e, for Scope 1 = 113 (123 for 2021; 129 for 2020; 72 for 2019; 69 for 2018)

2) Market-based (location-based).

3) Initially based in part on preliminary supplier reports, updated and verified at a detailed level for the CDP Reports for 2022. The numbers for 2018, 2019 and 2021 have been corrected in accordance with the respective verified CDP reports.

Comments on the results

Own organisational control (Scope 1–2):
Total climate impact under Scope 1 and 2 combined shows a decrease of 35 per cent from base year 2018. The smaller increase in Scope 1 is due to an updated allocation of natural gas and fuel used for heating between Scopes 1 and 2.

Supply chain (Scope 3):
Total climate impact under Scope 3 shows a decrease of 35 per cent year-on-year, and is 40 per cent lower than base year 2018. This is due to an improved calculation method using the software program Normative, which is used to calculate emissions from goods and service purchased. Previously, emissions were categorised by supplier VAT number, while they are now categorised at the account level. In addition to the improved calculation method, adjustment factors were applied to compensate inflation. The method for calculating emissions that is currently being used was the best practice available at the time Bonava’s science-based targets were established. Over time, however, this method has not proven to work particularly well since it is highly dependent on market prices and inflation, thus making it impossible to efficiently track actual progress. That is why Bonava

is currently working on changing methods, from spend-based to LCA, and preparing for a new science-based target baseline in 2025.

Value chain (Scope 3) per housing start:
Climate impact under Scope 3, per housing start, fluctuates over the years; we are now seeing an increase in 2022 of 53 per cent over the base year. Bonava is reviewing its definition for this intensity measurement for increased reliability and traceability, since the numerator and denominator correlates poorly.

Additional disclosures on greenhouse gases
Bonava complies with the GHG Protocol Corporate Accounting and Reporting Standard as well as the Corporate Value Chain (Scope 3) Accounting and Reporting Standard for measuring and reporting greenhouse gas emissions. We have chosen to apply the operational control consolidation approach. The climate impact inventory is based on carbon dioxide equivalents (CO₂e) and includes all greenhouse gases.

The report is based on invoices, surveyed data, fuel and vehicle registers, and supplier reports. Where emissions factors from specific suppliers for emissions calculations were missing, emissions factors from the UK Department for Environment, Food and Rural Affairs (Defra) and Exiobase v. 3 (exiobase.eu) were used in which the global warming potential (GWP) for one hundred years is based on the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (AR4 IPCC), which is the latest assessment report for climate impact potential. For some of our Scope 3 categories we report on a rolling twelve months, December–November. To enable an external review of the disclosures in Scope 1 and 2 on a completed climate account, the reporting cycle for 2022 was shifted from January–December 2022 to December 2021–November 2022, at the same time as twelve months were captured. This applies to all sources except electricity and district heating in Norway, electricity for two offices in Finland and electricity for Stockholm office.
In 2022, Bonava received a CDP rating of A-, from a rating of A in 2021. Bonava remains among the leaders, but the rating in the energy section fell. CDP continually develops its rating method, and in 2022 introduced a more detailed questionnaire for the energy section, where data could not be provided at such a detailed level of division.

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For Bonava, the methodology of the Task Force on Climate-Related Financial Disclosures (TCFD) is an important part of the effort to produce relevant climate goals for our operations. We present an overview of this analysis below.

Governance		Strategy		Risk management		Metrics and targets	
Recommended disclosures	Page	Recommended disclosures	Page	Recommended disclosures	Page	Recommended disclosures	Page
A. The Board’s oversight of climate-related risks and opportunities.	66–68	A. Climate-related risks and opportunities that the organisation has identified.	14, 114, 132	A. The organisation’s processes for identifying climate-related risks.	66–68	A. The metrics used by the organisation to assess climate-related risks and opportunities.	132
B. Management’s role in assessing and managing climate-related risks and opportunities.	51–52	B. Impact of risks and opportunities on the organisation’s business, strategy and financial planning.	17, 19–20, 28–29	B. The organisation’s processes for managing climate-related risks.	66, 117–120	B. Scope 1, 2 and 3 under the Greenhouse Gas Protocol.	118, 131
		C. Resilience of the organisation’s strategy taking into consideration different climate-related scenarios.	133	C. Integration of the above processes into the organisation’s overall risk management.	66–68, 126	C. Targets for managing climate-related risks and opportunities.	113

Additional TCFD disclosures

Balance

Financial category	Climate-related category	Metric	2022	2021
			Closing balance (SEK M)	Closing balance (SEK M)
Green assets	Adaptation and limitation	Total volume of green assets under Bonava’s green financing framework, category Nordic Swan ecolabelled projects	4834	3,956
Green assets used for external financing	Adaptation and limitation	Green loans	-2,068	-6162)
		Green bonds	-1,200	-1,2002)
		Project-specific financing, Nordic Swan ecolabelled TOA projects, Sweden	-792	-708
Green assets available	Adaptation and limitation	Remaining volume of green assets under Bonava’s green financing framework, category Nordic Swan ecolabelled projects	774	1,432

Profit			Income/expenses (SEK M)	Income/expenses (SEK M)
Financial category	Climate-related category	Metric		
Revenue	Adaptation and limitation	Sales of 706 (2021: 1,432) ecolabelled housing units (share of total sales)	3,296 (21%)	3,911 (27%)
Expenses	Energy	Cost of energy purchased (electricity, heating, district cooling): 34,716 MWh, of which 12,386 MWh renewable (2021: 36,247 MWh, of which 11,874 MWh renewable)	74	56
Expenses	Fuels	Cost of fuel purchases: 946 m3 diesel (2021: 1,038) and 115 m3 petrol (2021: 105)	20	13
Expenses	Goods and services purchased	Cost of goods and services purchased with high GHG emission factor ¹⁾	2,709	6,784

¹⁾ High GHG emission factor, defined by Bonava as emissions factors belonging to the highest quartile of GHG emission factors in connection with input/output analysis of all completed transactions in the respective business units during Bonava’s science-based targets base year (2018).

²⁾ Distribution among types of loans corrected as of 31 December 2022. Green loans SEK +300 M and Green bonds SEK –300 M.

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RCP 8.5

Risks

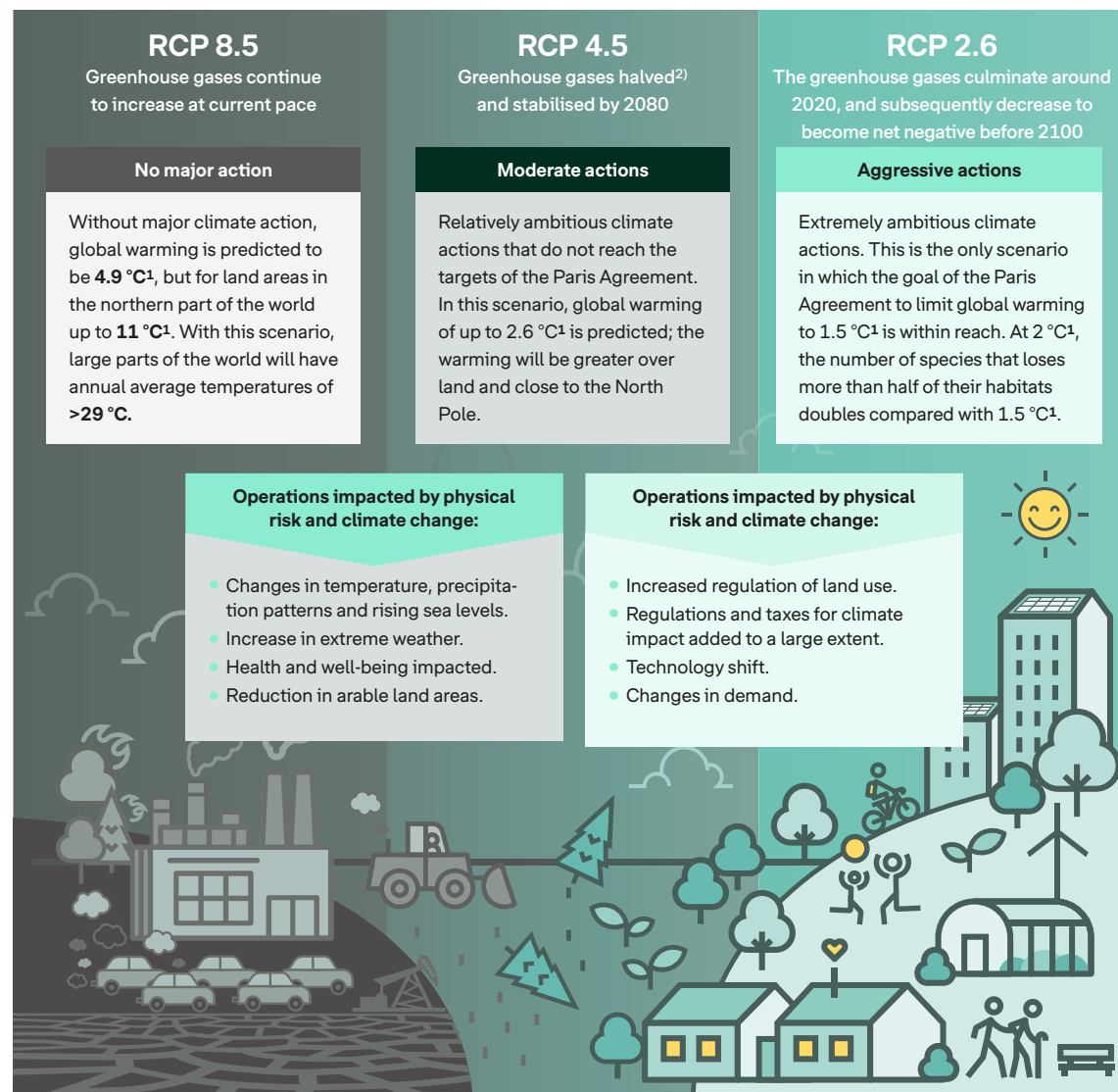
- Challenging technical requirements for new production of housing units to withstand changed external stresses.
- Conflicts in the wake of extreme weather conditions could impact, for example, conditions for global trade and access to construction materials.
- Health and well-being of customers and employees are impacted in extreme weather situations.
- Access to land for residential development is complicated by physical effects of climate change locally and potential conflicts of interest owing to a global shortage of arable land.

Opportunities

Developing homes and neighbourhoods that are adapted to manage the effects of climate change, protecting residents' health and well-being.

Financial impact

Increased costs for more technologically advanced building construction, price increases for construction material, greater guarantee costs and higher investment costs for land as well as the risk of wasteful expenditures if land that has already been invested in becomes no longer suitable for housing construction.



RCP 4.5: between RCP 2.6 and RCP 8.5, scenarios arise wherein risks from both of these development tracks are realised simultaneously.

RCP 2.6

Risks

- Potential conflict of interest between housing construction and the carbon-capturing capacity of the land or production of, for example, biofuels.
- Taxes and laws that provide incentives and regulate to ensure a reduced climate impact change the conditions for housing production.
- Technology to help drastically reduce climate change needs to be developed promptly, since the built environment has a significant climate impact during both production and operation.
- Customer and investor demands and requirements for reduced climate impact are increasing.

Opportunities

Developing housing units that are climate-smart from a life-cycle perspective, in neighbourhoods with a strong capacity for capturing carbon and local cooling effects. Bonava's science-based climate targets support this scenario.

Financial impact

Access to external financing can be ensured and customer demands can be met by ensuring the operations are in line with Bonava's climate targets. Investing in the development of efficient methods and materials can reduce future direct or 1331 indirect costs related to climate impact.

¹⁾ Compared with pre-industrial temperatures (1880–1899).

2) From 2010 levels.

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Economic operations covered by the EU Taxonomy

The purpose of the taxonomy is to help investors identify and compare environmentally sustainable investments using a shared classification system for environmentally sustainable economic activities.

The taxonomy is a tool for achieving the EU's climate goals and the objectives in the Green Deal, the EU's green growth strategy. Bonava's main operation, the new production of buildings, falls under taxonomy Sector 7. Construction and real estate:

- 7.1 Construction of new buildings.
- 7.7 Acquisition and ownership of buildings.

Economic operations that are aligned with the EU Taxonomy

For operations such as residential development with lengthy investment cycles, it may take several years before the full potential of alignment with the EU Taxonomy can be achieved, even if the main criteria for promoting one of the six environmental objectives in the taxonomy have been met from the start. This is due to the fact that several of the criteria for demonstrating that the activity does no significant harm to any of the other environmental objectives assume documented analyses and investigations from before the start of the investment.

For the 2022 reporting, Bonava has adopted a cautious approach to reporting Taxonomy alignment. This means that the company will not report any Taxonomy alignment linked to turnover, capex, and opex for either 7.1 Construction of new buildings or 7.7 Acquisition and ownership of buildings.

Even now, much of our production complies with the main criteria of the environmental objective of limiting climate change by delivering buildings that are at least ten per cent more energy-efficient than is required by the nearly-zero energy construction regulations implemented in the EU. For 2022, it was 69 per cent. However, the criteria for doing no significant harm to the other five environmental objectives and the minimum social safeguards remain unclear and open to interpretation.

During the year, economic activity 7.7 Acquisition and ownership of buildings became applicable through the addition of investment properties. Since the properties are under construction, this economic activity contains only capex. Bonava recognises capex and opex attributable to properties (to be used as investment properties) under construction as belonging to economic activity 7.7 Acquisition and ownership of buildings even though there is not yet any turnover linked to this activity.

In 2022, Bonava began analysing the consequences of the EU Taxonomy. Continued analysis and investigations will continue over the coming years in pace with industry interpretations of the criteria of the Taxonomy become clearer.

Total sales

Bonava's net sales are reported in accordance with IFRS 15 Revenue from Contracts with Customers, and primarily comprise three revenue streams: sales of housing units for consumers, sales of housing projects to investors and – to a lesser extent – sales of land.

Eligible sales

Bonava has established its net sales that pertain to housing units for consumers and sales of housing projects to investors as taxonomy-eligible activities. Sales of land that occurs where the land is not subject to project development are not classified as taxonomy-eligible sales since they do not pertain to new production of buildings. Turnover is defined as the sale of housing units to consumers and sales of housing projects to investors; refer to Group Note 2 under Net sales, consumers and Net sales, investors.

Total capex

Bonava's fixed assets are recognised in accordance with IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets, IAS 40 Investment Property and IFRS 16 Leases. Intangible assets pertain to capitalised development expenses for IT systems. Real estate used in business operations is held for use in the company's operations for purposes such as production, provision of services or administration. Leased fixed assets pertain to premises in which Bonava conducts its operations as well as machinery and equipment (primarily vehicles and office equipment).

Eligible capex

Bonava has established that investments attributable to real estate used in business operations, right-of-use assets (buildings), machinery and equipment as well as to right-of-use assets (machinery and equipment) pertain to eligible activities. All investments are critical components for Bonava's operations and a condition for compliance with the criteria for 7.1, both so that the operations will contribute significantly to preventing climate change and comply with the criteria so as not to cause significant harm to any of the other objectives in the taxonomy.

Bonava's investments that could in and of themselves be eligible for any of the other goals of the taxonomy (besides 7.1 and 7.7) are at present not discernible.

Capex is defined as investments in fixed assets. During the year, Bonava invested in investment properties that, according to the Taxonomy, fall under 7.7 Acquisition and ownership of buildings.

*The buildings are under construction.

Bonava does not report gross changes in right-of-use assets in its financial reports. The additional right-of-use assets for the year total SEK 6 M and pertain to Right-of-use assets, buildings (SEK 5 M) and Right-of-use assets, machinery and equipment (SEK 1 M).

Bonava has established that investments attributable to real estate used in business operations, investment properties, right-of-use assets (buildings), machinery and equipment as well as to right-of-use assets (machinery and equipment) pertain to eligible activities. All investments are critical components for Bonava's operations and a condition for compliance with the criteria for 7.1 and 7.7, both so that the operations will contribute significantly to preventing climate change and comply with the standards so as not to cause any significant harm.

Applicable capex during the year

- Investment properties SEK 102 M
- Real estate used in business operations SEK 3 M
- Right-of-use assets, Buildings SEK 5 M
- Machinery and equipment SEK 29 M
- Right-of-use assets, Machinery and equipment SEK 1 M

Refer to Group Note 10 Investment Properties under Investments, and Note 11 Property, plant and equipment under Investments for Real estate used in business operations and Machinery and equipment.

No business combinations during the year.

Total opex

Since IFRS lacks clear guidance for which costs are to be regarded as business-related operating expenses, the term "opex" is not found in Bonava's financial reporting. Under the taxonomy, total opex consists of expenditure for research and development that is expensed during the period; renovation of buildings (owned or leased); expenditure for repairs and maintenance of property, plant and equipment (owned or leased); other direct expenditures such as service pertaining to routine maintenance of property, plant and equipment that is required to ensure the regular function of these assets; and expensed lease payments linked to short-term leases.

Eligible opex

Bonava conducts no research and development, and has no short-term leases. Bonava has defined opex as maintenance costs attributable to owned and leased buildings. Examples of these expenditures include renovation of buildings; maintenance and repairs; and other direct costs that are required for efficient daily operation of Bonava's property, plant and equipment. Bonava's operation and maintenance expenditures that could in and of themselves be eligible for any of the other goals of the taxonomy (besides 7.1 and 7.7) are at present not discernible.

Changes since the previous year

No changes. The only change is that investment properties have been added, and 7.7 has become applicable.

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Voluntary additional disclosures

Bonava's primary investment pertains to housing and property projects. The majority of Bonava's property holdings are designated as housing projects and recognised as current assets, since the intent is to sell the properties and transfer them to the customer after completion. The presentation of Bonava's housing projects is divided into property held for future development, ongoing housing projects and completed housing units, all of which are deemed to meet the criteria for eligible activities under 7.1. Investments in property held for future development, ongoing housing projects, and current assets are recognized under IFRS as completed housing units and are therefore not included in the Taxonomy's definition of capex. The Taxonomy's definition of capex contains only intangible assets (excluding goodwill) and property, plant and equipment. If, on the other hand, current assets (Bonava's property projects in the balance sheet) are included as capex in accordance with the following table, 100% of these investments would fall under the taxonomy.

Proportion of Taxonomy-aligned economic activities

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)											
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year 2022	Taxonomy-aligned proportion of turnover, year 2021	Category (enabling activity)	Category (transitional activity)	
Code(s)	Absolute turnover [SEK M]	Proportion of turnover		%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Per cent	Per cent	Y/N	Y/N	
Economic activities																					
A. TAXONOMY ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Turnover of eligible Taxonomy-aligned activities (A.1)		—	—																		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
7.1 Construction of new buildings.		7.1	15,544	99																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		15,544	99																		
Total (A.1 + A.2)		15,544	99																		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																					
Turnover of non-eligible activities (B)		162	1																		
Total (A + B)		15,706	100																		

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Reporting under the EU taxonomy, cont.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Taxonomy-aligned proportion of CapEx, year 2021	Category (enabling activity)	Category (transitional activity)
Code(s)	Absolute CapEx	Proportion of CapEx		Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems					
	Currency	%		%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Per cent	Per cent	Y/N	Y/N
Economic activities																				
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of eligible Taxonomy-aligned activities (A.1)																				
		–	–														0			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
7.1 Construction of new buildings.	7.1	39	27																	
7.7 Acquisition and ownership of buildings	7.7	102	71																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
		141	98														0			
Total (A.1 + A.2)																				
		141	98														0			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CapEx of non-eligible activities (B)																				
		3	2																	
Total (A + B)																				
		144	100																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2022	Taxonomy-aligned proportion of OpEx, year 2021	Category (enabling activity)	Category (transitional activity)
Code(s)	Absolute OpEx	Proportion of OpEx		Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems					
	Currency	%		%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Per cent	Per cent	Y/N	Y/N
Economic activities																				
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of eligible Taxonomy-aligned activities (A.1)																				
		–	–														0			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
7.1 Construction of new buildings.	7.1	11	100																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
		11	100														0			
Total (A.1 + A.2)																				
		11	100														0			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OpEx of non-eligible activities (B)																				
		–	–																	
Total (A + B)																				
		11	100																	

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S9 Sustainable use of land

Selection of indicators for sustainable use of land

Key performance indicators	2022	2021	2020
Of which, previously developed, %	47	47	56
Of which, previously undeveloped, %	47	53	44
Land remediation (of total), ha	8 (36)	12 (56)	11 (44)
Share of projects with significant initiatives aimed at preserving ecological values, %	29	20	28
Number of protected species affected	10	8	5

Comments on the results

The disclosure on land remediation pertains to land remediation carried out for all projects completed during the year, and pertains to all identified remediation needs for the total developed land (latter figure shown in brackets).

The protected species affected by projects for which Bonava was granted permission to start construction during the year are ten in number. Two of these have not been specified (salmon and lizard) and it is therefore not possible to classify these species according to the IUCN Red List; the unspecified species belong to a Swedish project.

Of the eight species that on the other hand have been classified, none require protection above the lowest category (Least Concern) under the IUCN classification. These are: the sand lizard (*Lacerta agilis*), which is found at two different projects; the barn swallow (*Hirundo rustica*) at two projects; the common house martin (*Delichon urbicum*) at one project; the Eurasian tree sparrow (*Passer montanus*) at one project; the serotine bat and common pipistrelle

(*Eptesicus serotinus* and *Pipistrellus pipistrellus*) at one project; and the common toad (*Bufo bufo*) at one project. Conservation efforts, as exemplified at a German project where swallows were identified, include replacement plantings, restoration of a pond, and replacement breeding sites. At another German project, where the sand lizard was identified, examples of conservation efforts included keeping the species out of the building work site using protective fencing. At a third German construction project, a water basin will be reconstructed as a conservation effort for the common toad. A "bat house" will be constructed and fencing for lizards will be set up at a fourth German project as conservation efforts for bats and sand lizards, respectively, which were identified in conjunction with this project. The creation of breeding sites for swallows is the conservation measure being taken at a fifth German project where they were identified. All projects that identified IUCN-classified species listed measures for conservation efforts.

S10 Use of materials

The table shows a breakdown by category of the materials used to build all the housing units that Bonava started constructing during the year, both materials purchased by Bonava directly and materials purchased by contractors and subcontractors. The model is built on information from construction and purchasing calculations for projects where production was started during the year, as well as for extrapolation for some markets based on selected representative type buildings. During the year, the data collection method was developed further and now encompasses steel in prefabricated elements.

Comments on the results

Variation in the types and sizes of projects we are carrying out impact the volume of the various materials used. Building blocks made of calcareous sandstone are used primarily in Germany and the Baltics. Prefabricated concrete components are frequently used in St. Petersburg. In 2022, there were no starts in St. Petersburg and Denmark, which naturally changes the proportions and densities of the reported materials that are used in our buildings. Out of the material types in this summary, only wood is completely renewable.

Materials used by weight or volume

Materials	2022		2021		2020	
	Total amount	Amount per 100 m ² housing starts, gross area	Total amount	Amount per 100 m ² housing starts, gross area	Total amount	Amount per 100 m ² housing starts, gross area
Concrete (m ³)	99,639	34.7	111,739	24.9	103,898	29.1
Prefabricated concrete elements (m ³)	37,507	13.1	114,937	25.6	101,341	28.4
Construction blocks (m ³)	55,076	19.2	123,553	27.5	26,888	7.5
Plaster (m ³)	19,317	6.7	28,311	6.3	972	0.3
Insulation (m ³)	65,425	22.8	125,644	28.0	51,469	14.4
Steel (metric tonnes)	14,244	5.0	16,574	3.7	4,203	1.2
Wood (metric tonnes)	2,351	0.8	4,205	0.9	2,513	0.7

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S11 Efficient buildings

Refer to the results for energy intensity as energy requirements per area heated, in accordance with the respective countries' definitions in the construction regulations, in the table below.

Housing starts

	Share of housing units with energy performance more than 10 per cent lower than requirements, %	Bonava's energy performance, kWh/m ²			Required energy performance, kWh/m ²			Better than requirement, %		
	2022	2022	2021	2020	2022	2021	2020	2022	2021	2020
Germany	64.7	37	32	38	41	47	44	10	32	13
Sweden	80.0	57	63	66	79	83	82	29	24	19
Finland	71.4	68	85	77	79	90	83	14	6	7
Denmark	N/A	N/A	N/A	26	N/A	N/A	33	N/A	N/A	23
Norway	66.7	111	88	93	123	95	96	10	8	3
St. Petersburg	N/A	N/A	67	60	N/A	99	97	N/A	32	38
Estonia	66.7	115	117	121	121	115	133	5	1	9
Latvia	33.3	38	37	40	43	47	56	13	29	28
Lithuania	100	102	N/A	27	191	N/A	32	46	N/A	17

N/A = Not Applicable

Completed housing units

	Bonava's energy performance, kWh/m ²			Required energy performance, kWh/m ²			Better than requirement, %		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Germany	41	37	35	44	48	46	-13	22	24
Sweden	69	68	60	83	86	75	17	21	20
Finland	81	82	65	90	90	94	10	10	31
Denmark	26	27	31	33	33	38	10	18	19
Norway	93	92	N/A	95	95	N/A	2	2	N/A
St. Petersburg	67	59	57	99	97	95	32	39	40
Estonia	114	123	143	122	124	144	8	1	2
Latvia	38	39	N/A	48	57	N/A	19	32	N/A
Lithuania	99	N/A	N/A	164	N/A	N/A	40	N/A	N/A

N/A = Not Applicable

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Work-related injuries

	Number of work-related injuries ¹⁾						Work-related injuries, frequency, time lost ²⁾						Work-related injuries, frequency, total ³⁾		
	2022 ⁴⁾	2022 ⁵⁾	2021 ⁴⁾	2021 ⁵⁾	2020 ⁴⁾	2020 ⁵⁾	2022 ⁴⁾	2022 ⁵⁾	2021 ⁴⁾	2021 ⁵⁾	2020 ⁴⁾	2020 ⁵⁾	2022 ⁴⁾	2021 ⁴⁾	2020 ⁴⁾
Germany	30	10	26	6	32	13	7.2	5.6	6.3	3.4	7.3	6.5	7.2	6.3	7.3
Sweden	5	0	7	1	4	0	5.1	0	7.6	2	4.6	0	8.2	10.8	6.9
Finland	17	1	21	1	14	1	16.9	2.6	24.2	2.7	13.4	2	24.9	27.7	26.8
Denmark	7	0	4	0	2	0	37.1	0	10.6	0	2.6	0	37.1	10.6	7.7
Norway	1	1	4	0			3.1	7.5	7.21	0			9.3	10.8	
St. Petersburg	2	1	1	1	2	2	1.6	2.0	0.8	1.8	1.3	3.6	1.6	0.8	1.3
Baltics	2	1	3	2	6	4	1.4	1.9	2.7	6.4	5.9	13.8	4.2	8.1	8.9
Total	64	14	66	11	60	20	6.8	3.62	7.2	3.0	6.3	4.9	8.6	8.7	8.6

¹⁾ Number of work-related injuries leading to sick leave.

²⁾ Number of work-related injuries leading to sick leave, per million hours worked (LTIFR).

³⁾ Total number of work-related injuries requiring visits to health care or adjustment of work tasks (without working days lost) and those leading to sick leave, per million hours worked (TRIFR).

⁴⁾ Bonava's employees and contractors under Bonava's site management.

⁵⁾ Bonava's employees.

Comments on the results

No work-related fatalities have occurred during the period in which Bonava has existed as an independent company, meaning since its listing in 2016. The LTIFR numbers for Bonava decreased somewhat in 2022, coming largely from a decrease of injuries leading to absence in Finland and also Sweden, the Baltics and Norway. The number of reported injuries leading to absence decreased from 66 in 2021 to 64 in 2022. Injuries leading to absence increased primarily in Denmark and Germany. The most common types of work-related injuries are cuts, crushing or other soft tissue injuries, and sprains/dislocations/strains. The body parts most frequently injured are: fingers, feet/ankles, hands/wrists and hips/legs. The injuries most often occurred as a result of falls on level ground (slips, trips), contact with sharp objects or being struck by flying or falling objects. The frequency for the total number of work-related injuries (TRIFR) reported is higher than the frequency of injuries resulting in sick leave (LTIFR), which is a positive development. This means, on the one hand, that injuries were tended to in a way that enabled sick leave to be avoided,

and on the other hand, that the routines for reporting and categorising different types of injuries are strong. This indicator, which Bonava began reporting in 2019, follows the new updated GRI standard for health and safety and is still being implemented in several business units. In 2022, Bonava introduced a definition for serious incidents that includes injuries (with or without absence) and near misses. The definition is based on injuries leading to more than 4 days of absence and/or link to actual or potential risk with consequence (4 or 5) and/or risk score of over 10. In 2022, we reported 54 injuries (with or without absence) and 101 near misses that fell under the category of serious incidents. The outcome in 2022 of the frequency of serious incidents was 14.3 (excluding St. Petersburg and Denmark), which resulted in a long-term target in 2026 of <7.1 according to Bonava's definition for the frequency of serious incidents and calculated as the number of serious incidents per million hours worked. Risk classifications are more or less subjective, but are used to prioritize efforts so as to keep focus on the most serious ones. The efforts at competence around risk assessments will continue in 2023.

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Work-related ill health

	Sick leave (%) ¹⁾			Work-related ill health, number ²⁾			Work-related ill health, frequency ³⁾		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Germany	8.40 (N/I)	6.52 (N/I)	6.1 (N/I)	N/I	N/I	N/I	N/I	N/I	N/I
Sweden	2.83 (0.5)	2.19 (0.4)	1.8 (0.4)	11	7	2	22.9	14.1	0
Finland	3.31 (0.03*)	1.92 (0.4)	1.0 (0.4)	N/I	5	15	N/I	13.4	29.8
Denmark	1.73 (0)	1.62 (0)	2.0 (0.2)	0	0	4	0	0	17.3
Norway	4.53 (3.0)	2.58 (0.1)		8	3		60.2	13.4	
St. Petersburg	3.44 (0.01)	3.15 (0.04)	4.2 (0.0)	0	0	0	0	0	0
Baltics	3.48 (0.003)	1.54 (0.1)	1.3 (0.3)	0	0	0	0	0	0
Total	5.64 (0.2)	4.28 (0.1)	4.1 (0.2)	19	15	21	4.9	4	5.2

¹⁾ Number of hours of sick leave, both work-related and non-work related, in relation to total hours worked, Bonava employees (of which sick leave due in part or in full to work-related injuries and/or ill-health).

²⁾ Number of cases of wholly or partially work-related ill health, Bonava employees.

³⁾ Number of wholly or partially work-related ill-health reported per million hours worked (LTILFR), Bonava employees.

N/I = No Information

Comments on the results

The greatest risks for work-related illnesses, as identified through Bonava's anonymous Passionate Workplace employee surveys and occupational health and safety audits, are having a heavy workload and lack of clarity on responsibilities and authority. The most commonly reported types of work-related ill health are stress-related illnesses. To reduce these risks, we have implemented various measures, such as more coordinated change processes, new job architecture for roles and role descriptions, and training. One of the most important measures to reduce workload and increase clarity on work tasks has been to strengthen the performance and development procedure. Wholly or partially work-related sick leave, in brackets in the table above, includes sick leave resulting from accidents and/or illness. The proportion of hours of absence owing to illness are measured and monitored primarily in Sweden and Norway, which explains the outcome. The procedure for monthly reporting of work-related ill health is under development. Implementation is hindered by the fact that, for reasons of confidentiality, we do not have access to information on the cause of sick leave for some of our countries. Bonava therefore does not report work-related ill health in Germany and Finland, since information on the causes of sick leave cannot be recorded there. Nor do we have access to data related to sick leave for contractor employees.

Additional disclosures on health and safety

Hours worked are shown in the table on page 139. In 2022, 8,291 risk observations and 158 incidents (COVID cases excluded) were reported in our systems. The number of risk observations comes both from the shared reporting system and from separate reporting in Finland, which has not implemented BIA, the shared system for risk observations. One reason that the number of risk observations fell in 2022 is that observations from inspections in Germany – which had not yet implemented risk observation reporting – were included; another is that previous bonuses linked to the amount of reported observations have been removed in several business units. 324 manager safety audits, 573 inspections linked to monitoring of our protective regulations at projects, and 3,895 other types of health and safety inspections were completed in 2022.

The first year of work with Everyone plans resulted in numerous improvement activities in the various business units that include improved working methods and communication to increase collaboration with our contractors, the development of risk assessments in decisions in the business model, increased quality at weekly project meetings, and better monitoring through internal audits that focus on learning and continual improvements. The outcome for 2022 was 89% for Bonava when the average values of the results from the

Finland, Germany, Norway, Sweden, and Baltics business units were added up. The efforts in Denmark and Russia have been directed at maintaining the operational focus on health and safety, and therefore they did not work on strategic improvement efforts as part of the Everyone plans. The plan for Group functions was put on hold, to be started in 2023.

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Number of employees by occupational category at year end

Occupational category	Salaried employees								Skilled workers			
	Total		Women		Men				Women		Men	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sweden	Permanent, full time	271	296	130	144	137	152	0	0	4	0	
	Permanent, part time	8	10	6	7	1	3	0	0	1	0	
	Line consultants, full time	15	24	5	10	10	14	0	0	0	0	
	Line consultants, part time	13	6	9	4	4	2	0	0	0	0	
	Temporary, full time	4	2	3	1	1	1	0	0	0	0	
	Temporary, part time	1	0	0	0	1	0	0	0	0	0	
Germany	Permanent, full time	884	869	268	251	463	460	0	0	153	158	
	Permanent, part time	80	70	65	57	15	12	0	0	0	1	
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0	
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0	
	Temporary, full time	66	65	22	20	41	44	0	0	3	1	
	Temporary, part time	2	5	0	3	2	2	0	0	0	0	
Finland	Permanent, full time	200	227	74	93	126	134	0	0	0	0	
	Permanent, part time	1	2	1	2	0	0	0	0	0	0	
	Line consultants, full time	3	2	1	1	2	1	0	0	0	0	
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0	
	Temporary, full time	7	7	5	4	2	3	0	0	0	0	
	Temporary, part time	2	0	2	0	0		0	0	0	0	
Denmark	Permanent, full time	25	41	8	13	17	28	0	0	0	0	
	Permanent, part time	2	1	2	1	0	0	0	0	0	0	
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0	
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0	
	Temporary, full time	1	2	0	0	1	2	0	0	0	0	
	Temporary, part time	0	0	0	0	0	0	0	0	0	0	

Additional disclosures regarding number of employees

All disclosures on the number of employees are compiled using information directly from Bonava's Group-wide HR system; no assumptions are made. We use the same definitions for all business units so as to ensure uniformity. Information in the Sustainability Report

regarding employees is based on numbers and does not include students and interns, whereas line consultants (external consultants who fill an established role in Bonava's line organisation) and apprentices are reported. This definition of employee thus differs somewhat from the data reported in Note 4, where line consultants and apprentices

are not reported and the information is based on full-time equivalents. To make the tables more easily comprehensible, only one comparison year is reported for employee-related metrics. See previous annual reports for more comparison years.

Occupational category	Salaried employees								Skilled workers			
	Total		Women		Men				Women		Men	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Norway	Permanent, full time	70	81	27	32	43	49	0	0	0	0	
	Permanent, part time	0	2	0	0	0	2	0	0	0	0	
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0	
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0	
	Temporary, full time	2	4	0	2	2	2	0	0	0	0	
	Temporary, part time	0	2	0	1	0	1	0	0	0	0	
St. Petersburg	Permanent, full time	136	198	74	112	47	67	1	1	14	18	
	Permanent, part time	1	1	1	0	0	1	0	0	0	0	
	Line consultants, full time	3	16	2	12	1	4	0	0	0	0	
	Line consultants, part time	4	20	1	13	3	7	0	0	0	0	
	Temporary, full time	92	117	16	29	22	34	16	17	38	37	
	Temporary, part time	2	1	1	0	1	1	0	0	0	0	
Estonia, Latvia & Lithuania	Permanent, full time	271	246	89	74	136	125	5	5	41	42	
	Permanent, part time	11	7	8	5	3	2	0	0	0	0	
	Line consultants, full time	0	0	0	0	0	0	0	0	0	0	
	Line consultants, part time	0	0	0	0	0	0	0	0	0	0	
	Temporary, full time	3	4	1	2	0	1	0	0	2	1	
	Temporary, part time	2	0	2	0	0	0	0	0	0	0	
Total	Permanent, full time	1,857	1,958	670	719	969	1,015	6	6	212	218	
	Permanent, part time	103	93	83	72	19	20	0	0	1	1	
	Line consultants, full time	21	42	8	23	13	19	0	0	0	0	
	Line consultants, part time	17	26	10	17	7	9	0	0	0	0	
	Temporary, full time	175	201	47	58	69	87	16	17	43	39	
	Temporary, part time	9	8	5	4	4	4	0	0	0	0	

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S13 Employees, cont.

Hours worked for contractors under Bonava's site management come from systems for recording workplace attendance except Germany, where the hours are estimated from invoices based on a model. Hours worked for own employees are based on information from the salary management systems, and in 2022 they were reported in accordance with the adjustment that was made in 2021.

Millions of hours worked

	Contractors under Bonava's site management		Own employees	
	2022	2021	2022	2021
Germany	2.40	2.40	1.77	1.75
Sweden**	0.50	0.43	0.48	0.50
Finland	0.62	0.49	0.39	0.37
Denmark	0.12	0.27	0.07	0.11
Norway	0.19	0.42	0.13	0.14
St. Petersburg	0.75	0.64	0.50	0.55
Baltics	0.93	0.80	0.52	0.31
Total	5.50	5.45	3.86	3.73

** Group included in Sweden

New employee hires and employee turnover, summary¹⁾

	Number in 2022	Share of entire staff, %	Number in 2021	Share of entire staff, %
New employ- ees	249	11%	350	15.0
Terminations	463	21%	279	11.0

¹⁾ Does not include fixed-term employment (line consultants and temporary employment).

Comments on the results

In 2022, 249 new employees started working at Bonava and 463 employees concluded their employment. The fact that more employees left their jobs in 2022 than previously is to some extent due to reorganisations and the reduction in activity in St. Petersburg. 249 new employees participated in Bonava's Global Onboarding Days, which were held digitally throughout 2022.

New employee hires and employee turnover, by age group and gender¹⁾

		<30 years						30–50 years				>50 years			
		Total		Women		Men		Women		Men		Women		Men	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sweden	New employees	35	62	1	6	4	1	16	19	10	27	3	3	1	6
	Terminations	84	50	4	0	3	1	33	21	20	23	8	1	16	4
Germany	New employees	71	82	11	19	6	11	14	10	29	26	2	5	9	11
	Terminations	94	71	8	8	4	7	15	12	34	20	3	2	30	22
Finland	New employees	32	48	2	2	9	8	5	10	10	21	1	1	5	6
	Terminations	61	49	3	1	5	5	19	16	21	16	6	5	7	6
Denmark	New employees	0	10	0	1	0	1	0	1	0	6	0	1	0	0
	Terminations	10	25	0	2	1	1	1	5	5	12	0	2	3	3
Norway	New employees	8	23	0	1	1	2	4	9	2	9	0	1	1	1
	Terminations	19	9	1	0	0	0	6	4	10	4	1	1	1	0
St. Petersburg	New employees	22	24	4	5	1	3	7	12	7	4	0	0	3	0
	Terminations	136	40	21	6	9	2	59	11	40	18	1	1	6	2
Estonia, Latvia & Lithuania	New employees	81	101	12	12	14	21	20	26	30	39	1	0	4	3
	Terminations	59	35	3	1	8	6	14	7	24	20	1	0	9	1

¹⁾ Does not include fixed-term employment (line consultants and temporary employment).

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S14 Diversity

Diversity on the Board of Directors and Executive Management Group, and among employees

	<30 years				30–50 years				>50 years			
	Women		Men		Women		Men		Women		Men	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Board of Directors	0	0	0	0	0	0	1	0	3	3	3	3
Executive Management Group	0	0	0	0	2	1	1	3	2	1	4	4
Salaried employees	134	163	148	167	494	535	611	678	173	153	297	274
Skilled workers	1	2	17	15	7	7	105	116	14	14	134	127
Line consultants	6	24	6	13	10	12	8	10	2	4	6	5

Comments on the results

The skilled employees category still stands out as negatively uneven, with few women employees. This will take a long time to change, due in part to the industry structure in the geographical markets where Bonava has employed skilled workers. In order of size, these markets are: Germany, St. Petersburg, the Baltics, and Finland. In Germany, where most of Bonava's skilled workers are employed, there are few skilled women workers to hire. Diversity as regards ethnic origin, sexual orientation, disability or religion cannot and should not be monitored with data from the employee database.

S15 Employees covered by collective agreements

Proportion of employees covered by collective agreements, %

	2022	2021
Sweden	100	100
Germany	94	95
Finland	55	54
Denmark	0	0
Norway	0	0
St. Petersburg	0	0
Estonia, Latvia & Lithuania	0	0

Additional disclosures

In the countries where Bonava has employees who are covered by collective bargaining agreements, the working conditions and terms of employment for those employees not covered are based on the same agreements that cover the other employees, with certain exceptions for senior executives.

S16 Compliance

Reported deviations	2022		2021		2020	
	Number	Comment consequence	Number	Comment consequence	Number	Comment consequence
Bonava SpeakUp	8		3		5	
Other channels	5		7		7	
Total no. of reports	13		10		12	
Of which, significant deviations:	5	Three employees terminated, three formal warnings	4	Four employees terminated	4	Three employees terminated, one formal written warning
Of which, deemed groundless or not significant enough for formal consequences following investigation:	8		6		8	
Legal action against competition-restricting practices or significant sanctions for breaches of current laws and regulations	0		0		0	

Comments on the results

The deviations reported during the year that, after investigation, turned out to be serious deviations from the Code of Conduct concerned a case of misconduct by a manager towards their team members. Another case concerned an employee who had used Bonava's intellectual property rights for their own company, which had been established privately without Bonava's knowledge. The employment of both employees was terminated. In another case, a project group applied for a financial bonus that is granted for fault-free delivery despite the fact that the housing units had not been delivered fault-free. The employees were given written warnings. Finally, there were two cases of employees who used company vehicles for private purposes to varying degrees. One employee received a written warning, while the other employee's employment contract was terminated. 57 environmental incidents were reported through

Bonava's Group-wide system support for risk management and reporting of incidents concerning the environment, health and safety in the operations. All reports consisted of minor deviations from procedures or accidents without lasting damage to the environment, which resulted in corrective actions and communications measures.

Additional disclosures

Since Bonava's basic training for compliance with the Code of Conduct – including guidelines for anti-corruption – are mandatory for all employees, the proportion of employees with anti-corruption training by personnel category or geographic region is not reported. At the end of 2022, 94 per cent of all employees had undergone the training. New employees who have not undergone training are reminded both by the system itself and by their respective managers.

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Bonava's mandatory routines for tax management ensure that we:

- Comply with applicable tax legislation in all countries where we operate
- Conduct ourselves in accordance with the OECD's transfer pricing guidelines
- Maintain transparent relationships with tax agencies in all countries where we operate
- Do not avoid taxation through artificial and aggressive tax schemes

Our business units report to and consult with the Head of Taxation Issues. Checks to ensure that no tax risks or inaccuracies arise in any business unit are integrated into our process and the risk management system, which is led by Bonava's Head of Risk and Compliance. The efficiency of tax-related checks is evaluated by Bonava's Risk Committee together with the Head of Taxation Issues.

Approach, governance and organisation

Bonava's commitment to sustainable tax management (see above) is reflected in its mandatory tax procedures, which are established by the CEO. These procedures are revised on a regular basis and apply to all of the Group's business units. Bonava's Head of Taxation Issues is responsible for these procedures and has overall responsibility for Bonava's tax strategy, assessment of tax-related risks and internal pricing. Our business units are responsible for managing ongoing tax-related issues and risks, including collaboration with local tax authorities. Specific inquiries from other external stakeholders – the media, for example – are managed with support from the Head of Taxation Issues. The business units escalate to the Head of Taxation Issues in situations with increased tax-related risks. If there are suspicions that Bonava's commitments to sustainable tax management are not being complied with, this is taken up directly with the Head of Taxation Issues or alternately reported anonymously through Bonava's SpeakUp whistle-blower system for further investigation.

Bonava presents an overview of total taxes – both its own and collected – broken down by market to show how Bonava contributes to these countries' tax revenue. Refer to the table to the right. Since 2020 we are supplementing this report with information from country-by-country reporting in accordance with OECD guidelines. Bonava compiles a report of this type every year for the Swedish Tax Agency, and the country-by-country table below provides information from the latest published report (i.e., pertaining to the 2021 financial year), whereas other taxes and fees are recognised as paid and collected during 2022.

Bonava's country-by-country reporting, and total tax contribution (SEK M)

Tax domicile	Germany			Sweden			Finland		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Time period for information									
No. of companies in the Bonava Group	12	11	7	90	101	95	1	1	1
External revenue ¹⁾	N/I	N/I	7,680	N/I	N/I	3,501	N/I	N/I	2,759
Internal revenue ¹⁾	N/I	N/I	4,323	N/I	N/I	302	N/I	N/I	13
Profit before tax ¹⁾	N/I	N/I	722	N/I	N/I	545	N/I	N/I	88
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	N/I	9,648	N/I	N/I	2,773	N/I	N/I	1,887
Income tax paid ¹⁾	N/I	N/I	97	N/I	N/I	99	N/I	N/I	0
Accrued income tax for the year ¹⁾	N/I	N/I	154	N/I	N/I	4	N/I	N/I	0
Other own and collected taxes:									
Property tax, paid	4	4	5	5	5	6	7	7	8
Transfer tax, paid	93	63	62	15	15	14	5	5	7
Social security contributions, paid ²⁾	153	139	138	102	98	88	3	3	3
Other taxes, paid	1	1	0	0	0	0	0	0	0
VAT, collected	-39	-17	-10	240	412	384	229	167	248
Employee withholding taxes, collected	145	124	132	107	103	89	54	51	57
Tax domicile	Denmark			Norway			St. Petersburg		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Time period for information									
No. of companies in the Bonava Group	2	4	5	23	22	18	3	3	3
External revenue ¹⁾	N/I	N/I	927	N/I	N/I	865	N/I	N/I	963
Internal revenue ¹⁾	N/I	N/I	3	N/I	N/I	17	N/I	N/I	105
Profit before tax ¹⁾	N/I	N/I	-27	N/I	N/I	19	N/I	N/I	213
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	N/I	17	N/I	N/I	1,455	N/I	N/I	1,317
Income tax paid ¹⁾	N/I	N/I	0	N/I	N/I	21	N/I	N/I	13
Accrued income tax for the year ¹⁾	N/I	N/I	-6	N/I	N/I	5	N/I	N/I	42
Other own and collected taxes:									
Property tax, paid	2	1	4	1	2	1	N/A	3	3
Transfer tax, paid	0	0	1	3	0	0	N/A	0	0
Social security contributions, paid ²⁾	0	1	0	13	11	6	N/A	14	16
Other taxes, paid	0	0	0	0	0	0	N/A	0	4
VAT, collected	45	-35	71	20	12	13	N/A	0	10
Employee withholding taxes, collected	26	28	28	27	23	14	N/A	8	8

¹⁾ Annual country-by-country report to the Swedish Tax Authority; 2022 will be reported by 31 December 2023 at the latest.

²⁾ Paid in Germany, not as tax to the authorities but as a fee to insurance companies.

N/A = Not Applicable. N/I = No Information.

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Bonava's country-by-country reporting, and total tax contribution (SEK M)

Tax domicile	Estonia			Latvia			Lithuania		
Time period for information	2022	2021	2020	2022	2021	2020	2022	2021	2020
No. of companies in the Bonava Group	2	2	2	1	1	1	1	1	1
External revenue ¹⁾	N/I	N/I	238	N/I	N/I	323	N/I	N/I	0
Internal revenue ¹⁾	N/I	N/I	4	N/I	N/I	6	N/I	N/I	0
Profit before tax ¹⁾	N/I	N/I	14	N/I	N/I	42	N/I	N/I	-3
Property, plant and equipment other than cash and cash equivalents ¹⁾	N/I	N/I	331	N/I	N/I	324	N/I	N/I	22
Income tax paid ¹⁾	N/I	N/I	0	N/I	N/I	0	N/I	N/I	0
Accrued income tax for the year ¹⁾	N/I	N/I	0	N/I	N/I	0	N/I	N/I	0
Other own and collected taxes:									
Property tax, paid	0	0	0	2	2	2	0	0	0
Transfer tax, paid	0		0	2	1	0	0	0	0
Social security contributions, paid ²⁾	13	9	8	12	9	8	0	0	0
Other taxes, paid	1	0	0	5	2	3	0	0	0
VAT, collected	5	6	7	45	70	32	12	0	0
Employee withholding taxes, collected	8	6	6	16	12	10	6	3	0

¹⁾ Annual country-by-country report to the Swedish Tax Authority; 2022 will be reported by 31 December 2023 at the latest.

²⁾ Paid in Germany, not as tax to the authorities but as a fee to insurance companies.

N/I = No Information

S18 Ratio, annual total compensation

Ratio, annual total compensation for the organisation's highest-paid individual against the median wage for all employees (excluding the highest-paid individual)

	2022	Title of highest-paid individual	2021
Sweden	10.9	CEO	N/A
Germany	6.7	BU President	N/A
Finland	3.6	BU President	N/A
Denmark	1.8	Managing Director	N/A
Norway	2.4	Region Manager	N/A
St. Petersburg	10.4	Country Manager	N/A
Estonia, Latvia & Lithuania	4.0	Country Manager	N/A

N/A = Not Available

Comments on the results

We disclose the annual country-by-country account of income tax that is reported to the Swedish Tax Agency. The information for 2022 will therefore not be available until the country-by-country account has been submitted to the Tax Agency at the end of 2023. The difference between income tax reported and what the tax would have been if only local tax rates had been applied consists of non-deductible expenses, non-taxable revenues and the tax effect resulting from non-capitalised tax loss carry-forwards.

Additional disclosures on tax

The information applies to all the business units in the Bonava Group, and the number of companies is indicated in the table on the left.

Comments on the results

The fixed salary for highest paid individual is compared to median fixed salary for all employees (excluding the highest paid individual). Permanent employees on payroll at year end in each country is included in reporting. Full-time equivalent (FTE) pay rates are used for part-time employee.

We report by country since it's more relevant to do the comparison within the same currency and same market conditions. We will use 2022 as base and will report the ratio of the percentage increase in annual total compensation next year.

We are aware that the ratio does not reflect the total compensation package for our employees, since we have only included fixed salary. Our ambition is to do benchmark during Q1 2023 to get a better picture on how to compile the total compensation ratio with high quality of data and calculation methods.

The remuneration report in Bonava's annual report shows compensation in absolute figures of CEO and the Executive Management Group.

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S19 Transparency

In addition to our statutory sustainability report, Bonava aims to annually report its progress under the GRI Universal Standards and the UN Global Compact. Bonava also reports in accordance with the OECD Guidelines for Multinational Enterprises and CDP. Read about Happy Index, Bonava's internal indicator for happy neighbourhoods, on page 18 and in Note S5.

By using the systematic methods described in the principles of the GRI Standards, Bonava works continuously with follow-up and transparency in its reporting. To further ensure quality in its reporting, Bonava has its Annual Report and Sustainability Report externally audited in accordance with the ISAE 3000 and RevR12 standards.

Additional disclosures, Bonava indicator

The indicator is intended to provide an account of Bonava's presentation of its Sustainability Report. The definition for the indicator comprises current legal requirements for sustainability reporting, the GRI Standards for the relevant indicators and reporting requirements for the UN Global Compact.

S20 SDG mapping against Bonava's targets

Strategic targets	Global SDGs that Bonava contributes most to	Relevant targets for the main goal	Other facilitating and/or overlapping targets
Profitability			3.9, 4.4, 4.7, 5.1, 5.5, 6.4, 6.6,
Capital efficiency			7.2, 7.3, 9.5, 10.2, 12.2, 12.4, 12.5, 12.8,
Healthy and safe workplace	8, 11	8.2, 8.4, 8.5, 8.6, 8.7, 8.8, 11.1, 11.3, 11.6, 11.7,	14.1, 15.5, 16.5 16.7,
Employee engagement	13	13.1, 13.2, 13.3	17.1, 17.16, 17.17, 17.19
Customer satisfaction			
Combat climate change			

Above is a summary of how Bonava promotes the UN Sustainable Development Goals. For more information, read the Sustainability Report in its entirety. The overall sustainability targets are validated in the work on a revised strategy for Bonava as a Group. Specification of governance and validation of other targets are in progress.

Relevant targets for the main goals:		How Bonava contributes:
Decent work and economic growth	8.2	Promote economic productivity through diversification, technological innovation and upgrades
	8.4	Improve resource efficiency in consumption and production
	8.5	Employment and decent work, and equal pay for all women and men
	8.6	Promote employment, education or training for youth
	8.7	Eradicate modern slavery, human trafficking and child labour
	8.8	Protect labour rights and promote safe and secure working environments for all workers
Sustainable cities and communities	11.1	Ensure affordable housing
	11.3	Enhance inclusive and sustainable urbanisation
	11.6	Reduce the environmental impact of cities
Combat climate change	11.7	Provide access to safe and inclusive green and public spaces
	13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters
	13.2	Integrate climate change measures into national policies, strategies and planning
	13.3	Improve education, awareness and capacity on climate change mitigation and adaptation

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Other facilitating and/or overlapping relevant targets		
Good health and well-being	3.9	Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
	4.4	Increase the number of individuals with relevant skills for employment and decent jobs
Quality education	4.7	Education that ensures that all learners acquire the knowledge and skills needed to promote sustainable development
	5.1	Eradicate discrimination against women and girls
Gender equality	5.5	Ensure women's full participation and equal opportunities for leadership and decision-making
	6.4	Increase water-use efficiency and safe water supply
Clean water and sanitation	6.6	Protect and restore water-related ecosystems
	7.2	Increase the share of renewable energy
Affordable and clean energy	7.3	Double the increase in energy efficiency
	9.5	Enhance scientific research and upgrade the technological capabilities of industrial sectors
Industry, innovation and infrastructure	10.2	Promote social, economic and political inclusion
	12.2	Sustainable management and use of natural resources
Reduce inequality	12.4	Sound management of chemicals and wastes
	12.5	Reduce waste generation through prevention, reduction, recycling and reuse
	12.8	Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles
	14.1	Reduce marine pollution
Life below water	15.5	Take action to reduce the degradation of natural habitats and halt biodiversity loss
Life on land	16.5	Combat corruption and bribery
	16.7	Ensure responsive, inclusive, and representative decision-making
Peace, justice and strong institutions	17.1	Strengthen domestic capacity for tax and other revenue collection
	17.16	Enhance the global partnership for sustainable development with multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources
Partnerships for the goals	17.17	Encourage effective partnerships
	17.19	Develop measurements of progress towards sustainable development

For more information about Bonava's sustainability initiatives and reporting, contact:
Daniel Oppenheim
Group Head ESG Control and Reporting
daniel.oppenheim@bonava.com
Tel. +46 8 409 544 00

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Statement on use	Bonava hereby submits its report in accordance with GRI Universal Standards 2021 for the period 1 January–31 December 2022.
GRI 1 Standard	GRI 1: Foundation 2021
GRI Sector Standard	As yet, no sector standards are available for Bonava’s industry.

GRI STANDARD	Disclosure	Name of disclosure	Page reference	Departures and comments
GRI 2: General Disclosures 2021	2-1	Organizational details	58–65	A greyed-out cell indicates that departures are not permitted.
	2-2	Entities included in the organization's sustainability reporting	129	
	2-3	Reporting period, frequency and contact point	52, 58, 129, 147	
	2-4	Restatements of information	129	
	2-5	External assurance	152	
	2-6	Activities, value chain and other business relationships	3–6, 18, 114, 116, 128, 130	
	2-7	Employees	30, 121–125, 139–143	
	2-8	Workers who are not employees	141–142	
	2-9	Governance structure and composition	46–47, 53	Deviation for under-represented social groups
	2-10	Nomination and selection of the highest governance body	46–47	
	2-11	Chair of the highest governance body	46, 48, 53	
	2-12	Role of the highest governance body in overseeing the management of impacts	52, 115	Deviation owing to incomplete information, with explanation that parts of the procedures are in place and Bonava is engaged in further developing the procedures.
	2-13	Delegation of responsibility for managing impacts	51–52, 115	
	2-14	Role of the highest governance body in sustainability reporting	52, 115	
	2-15	Conflicts of interest	52, 115, 126	
	2-16	Communication of critical concerns	48, 52, 115	
	2-17	Collective knowledge of the highest governance body	53, 115	
	2-18	Evaluation of the performance of the highest governance body	49, 115	
	2-19	Remuneration policies	48–49	
	2-20	Process to determine remuneration	48	
	2-21	Annual total compensation ratio	145	Deviation for calculation model. Also applies only to 2022.
	2-22	Statement on sustainable development strategy	11, 17, 19	
	2-23	Policy commitments	31, 51, 111, 126–128	Deviation: Due diligence, and information is available for parts of the value chain's stakeholders but not all, in the policy commitments. https://www.bonava.com/sites/default/files/Bonava_Codeofconduct_SWE.pdf
	2-24	Embedding policy commitments	112, 115, 126–128	
	2-25	Process to remediate negative impacts	112, 114	Deviation: remediation procedures absent
	2-26	Mechanisms for seeking advice and raising concerns	126–127	
	2-27	Compliance with laws and regulations	143	
	2-28	Membership of associations	130	
	2-29	Approach to stakeholder engagement	112, 114, 129	
	2-30	Collective bargaining agreements	143	

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GRI STANDARD	Disclosure	Name of disclosure	Page reference	Departures and comments
GRI 3: Material Topics 2021	3-1	Process to determine material topics	129	A greyed-out cell indicates that departures are not permitted.
	3-2	List of material topics	111	
Material Topics				
Happy neighbourhoods for the many				
GRI 3: Material Topics 2021	3-3	Management of material topics	3, 11, 17, 18, 116, 130	
Happy neighbourhoods	Part of 102-43/44	Routines for customer satisfaction, including results of customer satisfaction surveys	18, 116	
Embedded environmental respect				
Sustainable use of land				
GRI 3: Material Topics 2021	3-3	Management of material topics	29, 113, 114, 117–120	
GRI 304: Biodiversity 2016	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	137	
Land degradation, contamination and remediation	G4-CRE5	Land remediation	119, 137	
Circular production and sound materials				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 14, 29, 117, 119	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	137	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	29, 113, 115, 119–120	
Efficient buildings				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 14, 29, 117, 119	
Energy	G4CRE1	Building energy intensity	138	
Greenhouse gas emissions				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 14, 19–20, 29, 117–119	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	118, 131	
	305-2	Energy indirect (Scope 2) GHG emissions	118, 131	
	305-3	Other indirect (Scope 3) GHG emissions	118–119, 131	
	305-4	GHG emissions intensity	118, 131	

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GRI STANDARD	Disclosure	Name of disclosure	Page reference	Departures and comments
People-centric culture				
Health and safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	11, 19-20, 30, 121-125	
GRI 403: Occupational Health and Safety 2018	403-1 – 7	All mandatory disclosures	121-123	
	403-8	Workers covered by an occupational health and safety management system	121-123, 139-142	
	403-9,10	Work-related injuries	139-140	Deviation: For reasons of confidentiality, data for contractors and employees in Germany and Finland pertaining to work-related ill health is not available.
Value-driven workplace				
GRI 3: Material Topics 2021	3-3	Management of material topics	19-20, 30, 121, 124	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	142	
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	124	
Passionate Workplace	Own	Commitment and loyalty	124	
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3	Management of material topics	30, 121, 125	Deviation: The issue of diversity is governed from an internal perspective; information for the entire value chain is absent.
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	125, 143	
Governance for high performance				
Compliance				
GRI 3: Material Topics 2021	3-3	Management of material topics	31, 126-128, 143	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	115, 127, 143	Information, but not mandatory training for board members.
	205-3	Confirmed incidents of corruption and actions taken	143	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	143	
Responsible supply chain management				
GRI 3: Material Topics 2021	3-3	Management of material topics	128	
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	128	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	128	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	128	
Transparency				
GRI 3: Material Topics 2021	3-3	Management of material topics	128	
	Own	Transparent sustainability reporting	146	

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Mapping against UN Global Compact		Page
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	31, 114, 126
Principle 2	make sure they are not complicit in human rights abuses.	114, 126
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	143
Principle 4	the elimination of all forms of forced and compulsory labour;	31, 126, 128
Principle 5	the effective abolition of child labour; and	31, 126, 128
Principle 6	the elimination of discrimination in respect of employment and occupation.	31, 125, 126
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	117
Principle 8	undertake initiatives to promote greater environmental responsibility; and	29, 117–120
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	29, 117–120
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	31, 126–128

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Auditor’s Limited Assurance Report on Bonava AB’s Sustainability Report and statement on the Statutory Sustainability Report

To the annual meeting of shareholders of Bonava AB (publ), corporate identity number 556928-0380

Introduction

We have been engaged by the Board and group management of Bonava AB (publ) ("Bonava") to undertake a limited assurance of Bonava’s Sustainability Report for the year 2022. The company has defined the scope of its sustainability report on page 129, which also constitutes the statutory sustainability report.

Responsibilities of the Board and Group Management

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are described on page 129 of the Sustainability Report, and consists of the parts of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide a statement on the statutory sustainability

report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. We have conducted our examination regarding the statutory sustainability report in accordance with FAR’s recommendation RevR 12, the Auditor’s Opinion on the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Bonava according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 13 March 2023
Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

Isabelle Hammarström
Sustainability Expert,
Member of FAR

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Capital structure and financing

Residential development is a capital-intensive business, and in Bonava's balance sheet there are assets in the form of land and ongoing housing projects that require financing. In several of Bonava's markets, most payments are not received until the homes are delivered to customers. This imposes requirements on how we manage the Group's liquidity, financing and financial risks. Bonava's operations are financed in local currency with internal loans from Bonava's Treasury Department. Bonava's main source of liquidity is cash flow from operating activities and borrowing from external creditors.

The Group's financial risks are regulated by a Finance Policy and are managed centrally, largely by utilising different financial instruments. More information about financial risk management can be found in Note 24 for the Group.

Green financing

Bonava has a green financing framework since 2020, which is a further building block in Bonava's ambitious sustainabili-

ty agenda. Through the framework, Bonava can issue bonds and raise loans using the proceeds to fund sustainable housing development with the aim of promoting positive environmental effects. The green assets have comprised land and projects in Sweden, Denmark and Norway to be certified under the Nordic Swan Ecolabel. As part of the green framework, it is also possible, for example, to include assets with a certain energy classification. More information concerning the green financing framework can be found on Bonava.com and in the in-depth sustainability information on page 115.

Long-term debt financing

Bonava has a revolving credit facility (RCF) with a limit of SEK 3 Bn with Danske bank, Handelsbanken, Nordea, OP Bank, SEB and Swedbank, all of which participate with equal shares. The credit facility was renegotiated in 2022 and extends until January 2025. The facility primarily acts as a back-up facility for Bonava's commercial paper programme,

but can also be used to raise loans in the event the commercial paper market does not provide sufficient financing.

Bonava also has loan agreements with AB Svensk Exportkredit (SEK) regarding four fixed-term loans totalling EUR 100 M, with maturities in 2025, 2026 and 2027. In addition, Bonava has loan agreements with commercial banks.

The loans have no collateral, bear interest at a floating rate, and the terms and conditions include covenants linked to the equity/assets ratio and interest coverage ratio.

Corporate bonds

Bonava has SEK 1,200 M in green corporate bonds outstanding, which mature in March 2024. The bonds are listed on the Nasdaq Sustainable Bond List and initially fund projects under the Nordic Swan Ecolabel.

Commercial paper

Bonava has a Swedish commercial paper programme of SEK 3 Bn. The programme is registered with Euroclear and can be utilised in either SEK or EUR. The issuing agents are Danske Bank, SEB, Svenska Handelsbanken and Swedbank. There is also a commercial paper programme of EUR 250 M in Finland for the purpose of diversifying the Group's financing sources to include an additional capital market.

The RCF of SEK 3 Bn described above also functions as a back-up facility for commercial paper outstanding under both programmes, in the event that the market for commercial paper is unavailable when borrowing is needed.

More information can be found in the "Commercial paper" information brochure and in the presentation for investors in commercial paper at bonava.com.

Working capital financing

Bonava has credit limits with banks in the form of confirmed 364-day overdraft facilities and also has the possibility to raise money market loans, wherein the banks are not obliged to grant credit.

Financing as of 31 December 2022

Loan type	Currency	Limit	Maturity date	Interest base	Utilised amount	Unutilised amount
Overdraft facilities	SEK M	649	<364 days	Floating	130	520
Commercial paper, Sweden	SEK M	3,000	<1 year	Floating	0	3,000
Commercial paper, Finland*	EUR M	250	< 1year	Floating	5	245
Corporate bonds	SEK M	2,000	11 Mar 2024	Floating	1,200	0
Loan	NOK M	500	30 Sep 2024	Floating	500	0
Revolving credit facility (RCF)*	SEK M	3,000	9 Jan 2025	Floating	1,455	1,545
Loan	EUR M	20	20 Feb 2025	Floating	20	0
Loan	EUR M	30	31 May 2025	Floating	30	0
Credit facility	EUR M	30	31 May 2025	Floating	30	0
Loan	EUR M	30	9 Jun 2025	Floating	30	0
Loan	EUR M	30	9 Jun 2026	Floating	30	0
Loan	EUR M	20	22 Feb 2027	Floating	20	0

* Commercial paper is included in both the utilised amount for the RCF and the unutilised amount for commercial paper in Finland

The table details Bonava AB's financing frames. In addition, there are unutilised contractual credit frames for projects in Swedish tenant-owner associations, Finnish housing companies and JV debt. There is also the possibility to raise money market loans, wherein the banks are not obliged to grant credit.

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Project-specific financing for tenant-owner associations and housing companies

In Sweden and Finland, Bonava sells housing units in the form of tenant-owner associations and housing companies respectively, which are established when the housing projects start. The funding of these projects during the construction period is partly from Bonava AB and partly in the form of project financing from banks, wherein the loans are paid out in pace with construction. The tenant-owner associations or housing companies act as borrowers. These loans are consolidated in Bonava's consolidated balance sheet, since Bonava considers itself to have controlling influence over tenant-owner associations and housing companies during the production period. Accordingly, this causes Bonava's net debt to increase.

Project-specific financing in St. Petersburg

Bonava's Russian operations are being wound down and the remaining projects are expected to be completed in 2023. The projects are financed by foreign banks with a license to operate in Russia with loans guaranteed by Bonava AB. The house buyers have made advance payments to personal, blocked accounts, the proceeds from which are used to repay the project-specific financing in connection with

completion of the work. Aside from this, the Russian operations have no external financing. There are no loans from Bonava AB.

Guarantees

Bonava's customers receive security for the completion of their home, and pay advances at various points of the process to varying degrees depending on the market. Advance payments provide an advantage because some of the construction can be financed with these cash flows. Regulations for consumer contracts vary depending on country. Apart from collateral requirements for advance payments, some markets also require collateral for completion, wherein guarantees may be issued by banks or credit insurers which creates high demand for credit limits for this purpose. Collateral can also take the form of guarantees issued by a Group company.

Seasonal variations affect net debt

Bonava's operations exhibit significant seasonal variations, which is also reflected in its net debt. In the first three quarters of the year, borrowing usually increases as many projects are started and there are many housing units in production. In the fourth quarter, many housing units are handed

over to customers, which normally generates cash inflows that are used to reduce debt accumulated over the year.

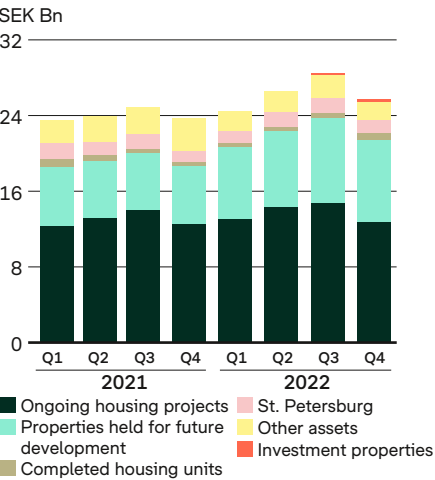
The diagrams below illustrate how assets, cash flow and net debt progress between quarters, and the proportion of borrowing comprising financing of tenant-owner associations and housing companies.

	31 Dec 2022	31 Dec 2021
Specification of net debt		
Non-current interest-bearing receivables	2	2
Current interest-bearing receivables	18	16
Cash and cash equivalents	119	835
Interest-bearing receivables	140	853
Non-current interest-bearing liabilities	3,593	2,242
Current interest-bearing liabilities	3,532	2,072
Interest-bearing liabilities ¹⁾	7,124	4,314
Net debt	6,985	3,461

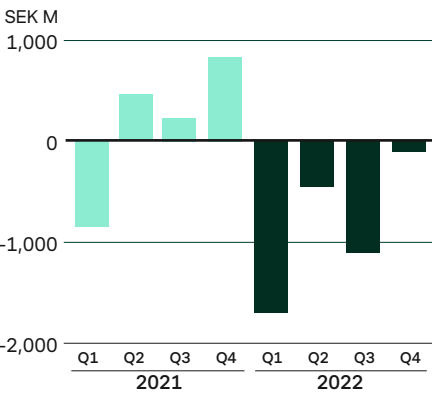
¹⁾ Of which green loans SEK 3,268 M (1,816). The green asset base consisted of assets in Sweden and Norway that are or will be Nordic Swan Ecolabelled.

	31 Dec 2022	31 Dec 2021
Share of net debt pertaining to tenant-owner associations and housing companies		
Cash and cash equivalents	17	37
Gross debt	1,767	1,789
Net debt in tenant-owner associations and housing companies	1,751	1,752

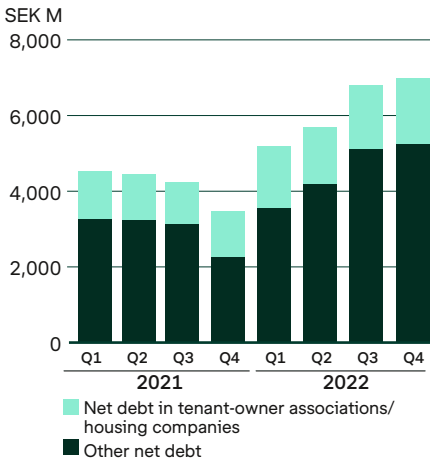
Allocation of assets in the balance sheet



Cash flow before financing



Net debt



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The Bonava share and shareholders

The Bonava share has been listed on Nasdaq Stockholm since 9 June 2016. Since January 2021, the share is included in the Mid Cap segment. Bonava has two share classes, Class A and Class B, which both trade on Nasdaq Stockholm. Each Class A share carries ten votes and each Class B share one vote. Bonava's share capital was SEK 434 M on 31 December 2022, divided among 108,435,822 shares and 209,190,660 votes. Bonava had 11,194,982 Class A shares and 97,240,840 Class B shares. Read more about the share capital performance at www.bonava.com/en/investor-relations/share.

Owners and ownership structure

Bonava had 32,470 shareholders at the end of the year. The largest shareholder, Nordstjernan AB,

controlled 49.3 per cent of the votes and 24.5 per cent of the capital. No other shareholder, directly or indirectly, holds more than 10 per cent of the shares in Bonava (votes or capital). At the end of the year, Swedish institutions and companies owned 46.7 per cent of the capital and 62.7 per cent of the votes. Foreign ownership amounted to 22.9 per cent.

Progress during the year

During the year, Bonava's Class B share declined 62.40 per cent, at the same time as OMXSPI fell 24.61 per cent in the same period. The closing price on 30 December 2022 was SEK 30.80 per Class A share and SEK 29.42 per Class B share, corresponding to a market capitalisation of SEK 3.2 Bn.

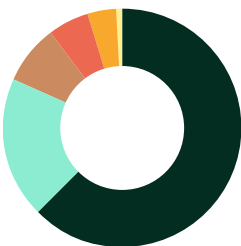
Largest owner as of 31 December 2022

	No. of Class A shares	No. of Class B shares	Holding, %	Votes, %
Largest shareholders				
Nordstjernan	8,500,000	18,077,265	24.51	49.27
Fourth Swedish National Pension Fund (Fjärde AP-fonden)	131,462	9,391,274	8.78	5.12
Swedbank Robur Fonder		5,209,535	4.80	2.49
Avanza Pension	27,577	3,112,144	2.90	1.62
Vanguard	95,975	2,697,640	2.58	1.75
RAM Rational Asset Management		2,635,342	2.43	1.26
Unionen		2,200,000	2.03	1.05
Dimensional Fund Advisors		2,190,692	2.02	1.05
Nordea Liv & Pension	48	2,144,760	1.98	1.03
Schroders		1,867,169	1.72	0.89
Subtotal, ten largest shareholders	8,755,062	49,525,821	53.75	65.53
Other	2,439,920	47,715,019	46.25	34.47
Total number of shares	11,194,982	97,240,840	100.00	100.00

Breakdown of owner size as of 31 December 2022

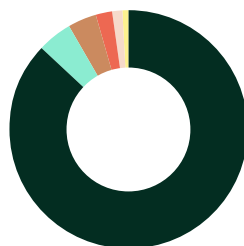
Size range	Owner, number	Owner, %	No. of shares	Capital, %	Votes, %
1-500	24,855	76.5	3,652,723	3.4	3.9
501-1 000	3,644	11.2	2,965,533	2.7	2.7
1,001-10,000	3,613	11.1	10,297,216	9.5	7.8
10,001-1,000,000	344	1.1	19,557,036	18.0	13.4
1,000,001-5,000,000	11	0.0	22,819,252	21.0	11.4
5,000,001-	3	0.0	41,309,536	38.1	56.9
Anonymous ownership	0	0.0	7,834,526	7.2	4.0
Total	32,470	100.0	108,435,822	100.0	100.0

Ownership categories



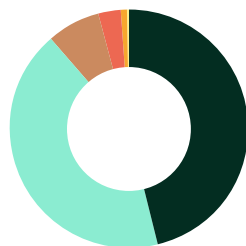
Swedish institutional owners, 62.7%
Swedish private individuals, 19.2%
Foreign institutional owners, 7.9%
Other, 5.6%
Anonymous ownership, 4.0%
Repurchased shares, 0.6%

Ownership by country



Sweden, 87.2%
USA, 4.7%
Anonymous ownership, 3.9%
UK, 2.2%
Norway, 1.2%
Switzerland, 0.2%
Other, 0.6%

Market share (trading)



Cboe Global Markets, 46.2%
Nasdaq, 42.5%
LSE Group, 7.4%
Aquis, 2.8%
ITG, 0.9%
Sigma-X, 0.2%

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Share turnover and trading

The average daily turnover for the Class B share for the year was 867,883 shares. Bonava’s Class B shares were traded on multiple marketplaces, of which Nasdaq Stockholm represented 42.48 per cent of turnover.

Average daily turnover (no. of shares)	2022
Class A shares	1,157
Class B shares	867,883

Trading in Class B shares	2022
Share turnover, million	221.3
Value of share turnover, as of 31 December	SEK 6.5 Bn
Average daily turnover	SEK 37.5 M

Dividend and dividend policy

Bonava’s dividend policy is to annually distribute a minimum of 40 per cent of profit after tax for the year over a business cycle. The Board proposes that no dividend be paid for the 2022 financial year.

Repurchase of treasury shares

The 2022 Annual General Meeting resolved that the company will have the right to repurchase Class B shares in the company for the purpose of covering the costs that could arise as a result of the 2022 incentive programme. During 2022, no Class B shares were repurchased. As of 31 December 2022, there were 1,245,355 Class B shares in treasury.

Conversion of shares

Under Bonava’s Articles of Association, owners of Class A shares are entitled to conversion to Class B shares. In 2022, a total of 110,000 Class A shares were converted to 110,000 Class B shares.

LTIP 2022

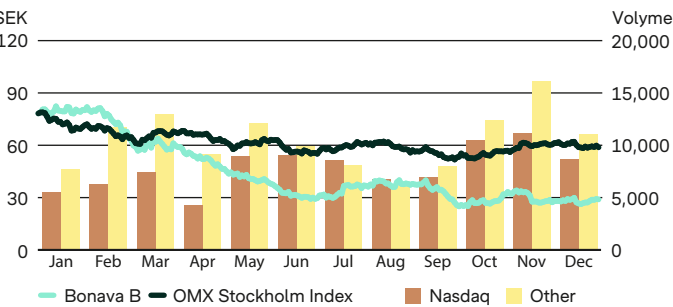
Bonava has two long-term share-based incentive programmes, covering a total of approximately 40 people. The Extraordinary General Meeting on 2 June 2022 authorised the introduction of an additional share-based incentive programme consisting of the Executive Management Group and certain key executives, a total of some 40 individuals. For more information, refer to Note 4.

Per share data as of 31 December	2022	2021
Share price, Class A, SEK	30.80	77.80
Share price, Class B, SEK	29.42	78.25
High, Class B, SEK	82.65	111.8
Low, Class B, SEK	24.62	73.25
Share price performance, %	-62.40	1.62
Shareholders’ equity per share, SEK	74.45	77.60
Dividend, SEK	0.00 ¹⁾	3.50
Total return, %	-58.58	-12.55
Dividend yield, %	0 ²⁾	4.50
Earnings per share ³⁾ , SEK	4.71	6.35
Cash flow per share, SEK	-30.25	6.71
P/E ratio	6.2	12.3
No. of shares	108,435,822	108,435,822
No. of shareholders	32,470	30,737

¹⁾ Proposed by the Board.
²⁾ Based on proposed dividend.
³⁾ Before and after dilution.

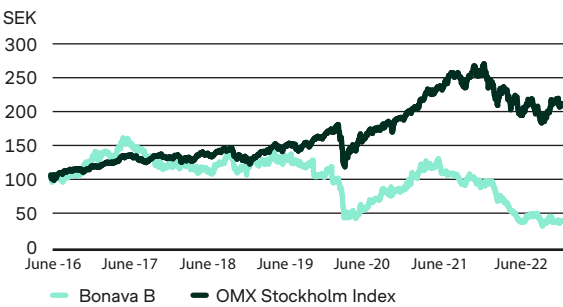
Analysts who cover Bonava	Name
ABG Sundal Collier	Fredrik Stensved
Carnegie Investment	Erik Granström
DNB Markets	Simen Mortensen
Handelsbanken Capital Markets	Oscar Lindquist
Kepler Cheuvreux	Jan Ihrfelt
Nordea Markets	David Flemmich
SEB Equities	Keivan Shirvanpour

Bonava B share price and trading volume, 2022



Source pages 156–157 Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Bonava B share price trend 2016–2022



QUICK FACTS

Marketplace:	Nasdaq Stockholm
Segment/sector:	Financials/Real estate
Share class:	Class A and Class B
No. of shares:	108,435,822
Market cap as of 31 Dec 2022:	SEK 3.2 Bn
ISIN code, Class B share:	SE0008091581
ISIN code, Class A share:	SE0008091573

TICKER SYMBOLS

Nasdaq:	BONAV B
Bloomberg:	BONAVA:SS
Reuters:	BONAVb.ST

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Sector related key performance indicators

No. of unless otherwise stated	2022	2021	2020	2019	2018
Building rights	32,700	31,000	28,800	30,000	28,000
Of which, building rights off the balance sheet	12,650	15,000	11,300	12,790	15,300
Housing development for consumers					
Housing units sold	1,873	3,652	3,325	3,259	3,150
Sales value of housing units sold, SEK M	7,063	12,222	11,812	11,156	9,362
Housing units started	1,698	3,506	3,465	2,394	3,741
Housing units in ongoing production	4,324	5,753	5,018	5,176	6,249
Sales rate for housing units in ongoing production, %	50	58	55	60	52
Reservation rate for ongoing production, %	1	3	4	3	3
Completion rate for ongoing production, %	55	45	48	44	41
Housing units for sale (ongoing and completed)	2,309	2,483	2,630	2,490	3,279
Housing units recognised in profit	3,029	3,136	3,643	3,501	3,156
Value of sold housing units, not yet recognised in profit, SEK M	9,235	14,548	10,734	12,351	13,535
Housing development for investors					
Housing units sold	854	1,028	1,714	1,244	2,103
Sales value of housing units sold, SEK M	2,159	2,870	4,373	2,397	4,696
Housing units started	1,085	1,223	1,517	1,441	2,103
of which investment properties	231	195			
Housing units in ongoing production	2,627	3,204	3,551	3,553	3,453
of which investment properties	426	195			
Sales rate for housing units in ongoing production, %	100	100	100	94	100
Completion rate for ongoing production, %	47	41	38	33	30
Housing units recognised in profit	1,661	1,566	1,519	1,341	1,686
Value of sold housing units, not yet recognised in profit, SEK M	5,746	6,721	7,861	7,298	7,103

Financial key performance indicators

SEK M unless otherwise stated	2022	2021	2020	2019	2018
Return on capital employed, % ^{1) 2)}	6.7	8.8	6.7	7.4	13.0
Interest coverage ratio, multiple	4.4	7.0	7.0	6.5	11.0
Equity/assets ratio, %	31.2	35.1	34.5	32.1	35.4
Interest-bearing liabilities/total assets, %	28.9	19.4	21.9	33.8	29.4
Net debt	6,985	3,461	3,635	6,961	5,385
Net debt excl. tenant-owner associations and housing companies	5,234	1,709	2,294	3,723	420
Debt/equity ratio, multiple	0.9	0.4	0.5	0.9	0.7
Capital employed at end of period	15,109	11,970	12,102	14,149	12,636
Capital employed, average	13,727	12,019	13,514	13,883	11,766
Capital turnover rate, multiple ²⁾	1.1	1.2	1.2	1.1	1.1
Share of risk-bearing capital, %	31.4	35.6	37.5	35.7	37.8
Average interest rate at end of period, % ³⁾	4.21	2.49	2.18	1.05	0.77
Average fixed-rate term, years ³⁾	0.1	0.2	0.1	0.1	0.3
Average interest rate at end of period ⁴⁾	3.70	1.65	1.50	1.23	1.30
Average fixed-rate term, years ⁴⁾	0.3	0.3	0.3	0.3	0.2
Per share data					
Profit after tax, SEK	4.71	6.35	5.42	4.65	11.42
Cash flow from operating activities, SEK	-30.25	6.71	35.30	3.55	-5.84
Dividend, SEK ⁵⁾		3.50	5.25		5.20
Shareholders' equity, SEK	74.45	77.60	73.87	70.02	68.36
Average number of shares, million	107.2	107.2	107.4	107.6	107.6

¹⁾ Before items affecting comparability. For a description of items affecting comparability, refer to Notes 1 and 25.

²⁾ Calculations are made on the basis of a 12-month average.

³⁾ Excluding loans in Swedish tenant-owner associations, Finnish housing companies and leases. For more information, refer to "Construction finance for tenant-owner associations and housing companies" under "Capital structure and financing".

⁴⁾ Pertains to loans in Swedish tenant-owner associations and Finnish housing companies. For more information, refer to "Construction finance for tenant-owner associations and housing companies" under "Capital structure and financing".

⁵⁾ Dividend 2022 refers to the Board's proposal to the AGM.

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Bonava uses measurements including the following alternative key performance indicators: return on capital employed, net debt and equity/assets ratio. The Group considers that these key performance indicators provide complementary information to readers of its financial reports that contributes to assessing the Group's capacity to pay dividends, make strategic investments, meet its financial commitments and to evaluate its profitability. Calculations and more information about the alternative key performance indicators are available at [bonava.com/en/investor-relations/financial-information](https://www.bonava.com/en/investor-relations/financial-information). The Group defines the key performance indicators as shown below. The calculation of all performance indicators excludes St. Petersburg unless otherwise indicated. Comparative figures have been restated.

Financial key performance indicators

Share of risk-bearing capital

Total shareholders' equity and deferred tax liabilities as a percentage of total assets.

Return on capital employed

Profit after financial items excluding items affecting comparability on a rolling 12-month basis following the reversal of interest expense as a percentage of average capital employed.

Total assets

Total assets or liabilities and shareholders' equity. Including St. Petersburg.

Dividend yield

The dividend as a percentage of the market price at year-end.

Average interest rate

Nominal interest rate weighted by interest-bearing liabilities outstanding on the balance sheet date.

Average fixed-rate term

The remaining period of fixed interest weighted by interest-bearing liabilities outstanding.

Average shareholders' equity

Average reported shareholders' equity as of the last five quarters

Average capital employed

Average capital employed as of the five last quarters

Items affecting comparability

Material one-off items in operating profit, the profit effect of which is important to note when the financial performance for the period is compared with earlier periods. For further

description, see Note 1 (Items affecting comparability section), page 74 and Note 25.

Capital turnover rate

Net sales on a rolling 12-month basis divided by average capital employed.

Production costs

Costs incurred for land, development expenses for architects and other contractor-related costs, utility-connection fees and building construction.

Net debt

Interest-bearing liabilities and provisions less interest-bearing assets including cash and cash equivalents.

Net sales

Net sales are recognised when the housing unit is delivered to the end customer. Property sales are recognised at the time when control is transferred to the buyer, which normally coincides with transfer of ownership. Net income is subject to the same definition.

Earnings per share

Net profit/loss for the period attributable to Bonava's shareholders divided by the weighted average number of shares in the year.

Operating margin

Operating profit as a percentage of net sales.

Interest coverage ratio

Profit/loss before tax plus financial expenses divided by financial expenses, calculated on a rolling 12-month basis.

Debt/equity ratio

Net debt divided by shareholders' equity.

Equity/assets ratio

Shareholders' equity as a percentage of total assets. Including St. Petersburg.

Capital employed

Total assets less interest-free liabilities including deferred tax liabilities.

Total return

Total of the change in the share price during the year and paid dividends in relation to the share price at the beginning of the year.

Sector-related definitions

Housing units in production

Refers to the period from production start to completion of a building. A housing unit is considered complete on receipt of inspection documentation.

Building right

Estimated possibility of developing a site. With respect to housing units, a building right corresponds to an apartment or a semi-detached or single-family home. Either ownership of a site or an option on ownership of the site is a prerequisite for being granted access to a building right.

Production start

The time when Bonava starts production of a building. At this time, capitalised expenditure for land and development expenses is transferred to ongoing housing projects.

Properties held for future development

Refers to Bonava's holdings of land and building rights for future residential development and capitalised property development costs.

Completed housing units

Refers to housing units for which inspection documents have been received, but the unit has not yet been sold, or units that have been sold but not handed over to the customer.

Completion rate

Recognised expenses in relation to the calculated total costs of ongoing housing projects.

Sales rate

Number of housing units sold in production in relation to the total number of housing units in production. Excluding Build-to-Manage.

Number of housing units recognised in profit

Number of housing units sold that have been occupied by the purchaser. Once the purchaser has taken over occupancy, the purchase consideration is recognised as net sales, and expenses incurred for the housing unit are recognised as production costs.

Reservation rate

Number of reserved housing units in production in relation to the total number of housing units in production.

Housing units sold

Number of housing units for which binding sales agreements have been signed with the customer and production of the housing unit has started.

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2023 Annual General Meeting

The Annual General Meeting (AGM) of Bonava AB (publ) will be held on Monday, 3 April 2023 in Stockholm, Sweden. Shareholders will also have the opportunity to exercise their voting rights at the AGM by voting in advance, through postal voting. All meeting documentation is available at bonava.com/en/annual-general-meeting-2023.

Participation

Shareholders wishing to participate in the AGM must:

- be included in the share register kept by Euroclear Sweden AB by no later than Friday, 24 March 2023,
- notify the company of their intention to participate by no later than Tuesday, 28 March 2023.

Registration

Registration can be completed:

- on Bonava's website, bonava.com/en/annual-general-meeting-2023 (shareholders who are natural persons)
- by telephone at +46 (0)8 402 92 26 on weekdays between 9:00 a.m. and 4:00 p.m.
- by post at the following address:
Bonava AB, c/o Euroclear Sweden AB
Box 191, SE-101 23 Stockholm, Sweden

Nominee-registered holdings

Shareholders whose shares are nominee-registered must temporarily re-register their shares in their own name with Euroclear Sweden AB in order to be entitled to participate in the Meeting. The shareholders' register as of the record date on 24 March 2023 will include voting registrations made no later than 28 March 2023. Therefore, shareholders should inform their nominees well in advance before this date.

Postal voting

Shareholders who wish to participate in the Annual General Meeting via postal voting must be included in the share register on Friday, 24 March 2023, and provide notice of participation by casting their advanced vote no later than 28 March 2023 via a special form or electronically through verification using BankID. Both methods are handled via bonava.com/en/general-meeting/annual-general-meeting-2023.

Proposed dividend

The Board of Directors proposes that no dividend be paid for financial year 2022.

Distribution policy

A limited number of the Annual and Sustainability Report will be printed for shareholders who wish to receive a hard copy.

Financial calendar

Interim report Q1 Jan–Mar 2023	27 April 2023
Interim report Q2 Jan–Jun 2023	20 July 2023
Interim report Q3 Jan–Sep 2023	27 October 2023
Year-end Report Jan–Dec 2023	1 February 2024

IR contact

Susanna Winkiel
acting Head of Investor Relations
susanna.winkiel@bonava.com
Tel: +46 70 641 28 28

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Contact information

Bonava AB (publ), Corp. ID no.: 556928-0380
Postal address: Box 12064, SE-102 22 Stockholm, Sweden
Street address: Lindhagensgatan 72, 112 18 Stockholm
Tel. +46 8 409 544 00
bonava.com

Bonava Sweden
Lindhagensgatan 72
SE-112 18 Stockholm
Tel. +46 8 409 544 00
bonava.se

Bonava Germany
Am Nordstern 1
15517 Fürstenwalde
Tel. +49 3361 670 0
bonava.de

Bonava Finland
Töölönlahdenkatu 2
00100 Helsinki
Tel. +358 10 400 2000
bonava.fi

Bonava Norway
Minde Allé 10
5063 Bergen
Tel. +47 5594 0600
bonava.no

Bonava Estonia
Toompuiestee 35
101 33 Tallinn
Tel. +372 627 4855
bonava.ee

Bonava Latvia
Brīvības gatve 275
Rīga, LV-1006
Tel. +37 167 567 841
bonava.lv

Bonava Lithuania
L. Zamenhofo. g. 5
Vilnius, LT-06332
Tel. +370 670 64222
bonava.lt

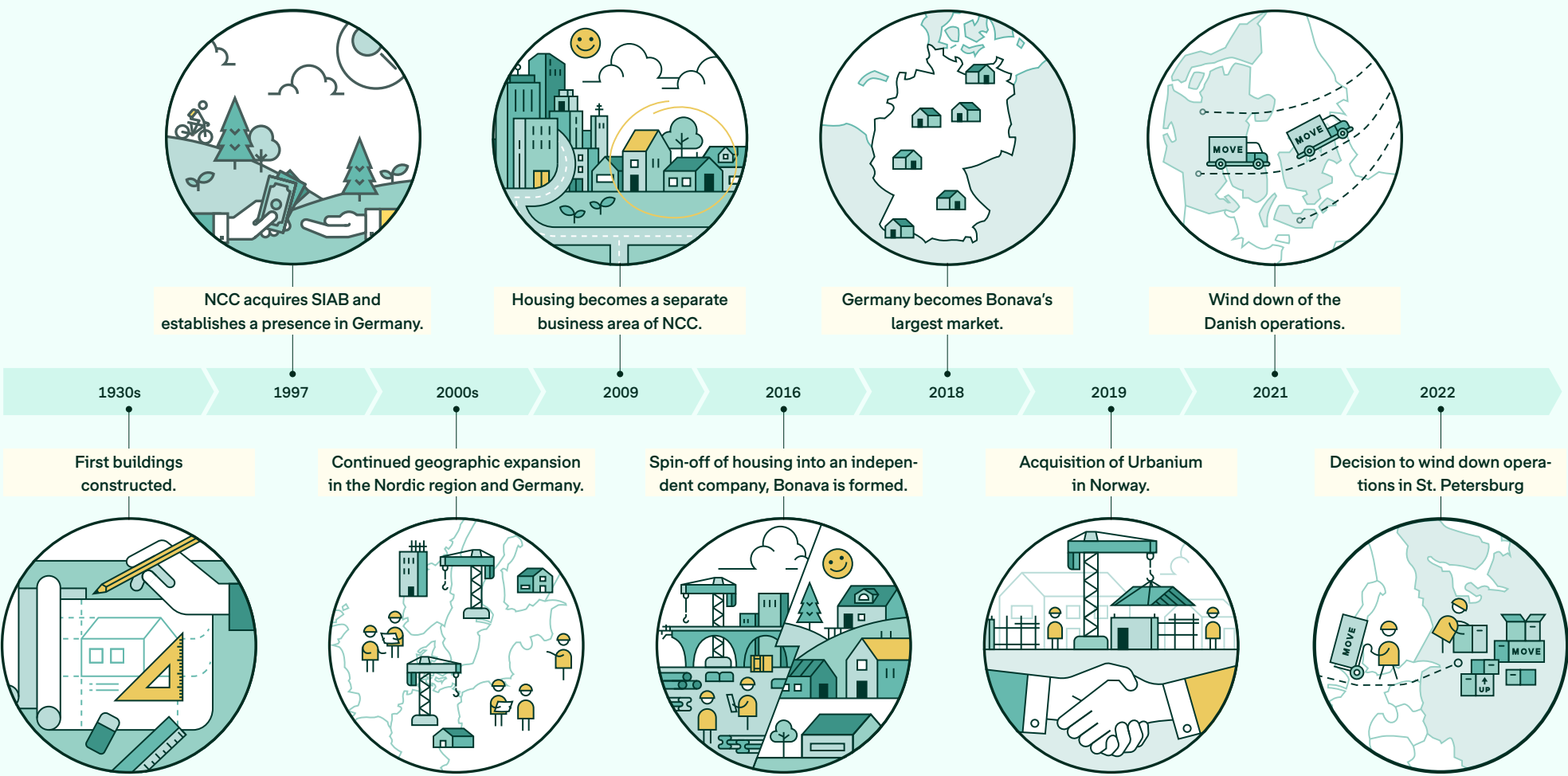


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We have a long history of creating homes and neighbourhoods



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